

PROGRAM EVALUATION

REPORT ON THE PROGRAM REVIEW OUT-OF-HOME CHILD CARE IN KENTUCKY

Research Report No. 263

Legislative Research Commission

Frankfort, Kentucky

Program Review and Investigations Committee

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OUT-OF-HOME CHILD CARE IN KENTUCKY

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Research Report No. 263

LEGISLATIVE RESEARCH COMMISSION

Frankfort, Kentucky

Committee for Program Review and Investigations

December, 1993

FOREWORD

Out-of-home child care in Kentucky was reviewed in accordance with SJR 69, as mandated by the 1992 General Assembly. This report was adopted by the Program Review and Investigations Committee on April 5, 1993, for submission to the Legislative Research Commission.

The report is the result of time and effort by the Committee staff and secretaries Susie Reed and Jo Ann Blake. Appreciation is expressed to the Commissioner and staff of the Department for Social Services, the Kentucky Association of Homes for Children, and all other personnel interviewed for the study and report.

Frankfort, KY
April 1993

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TRANSMITTAL MEMORANDUM

TO: The Honorable B. C. Jones
The Legislative Research Commission
Affected Agency Heads
Interested Individuals

FROM: Senator Susan Johns, Chair
Rep. C. M. "Hank" Hancock, Vice chair
Program Review and Investigations Committee

DATE: April 30, 1993

RE: Program Evaluations: Out-of-home Child Care in Kentucky

Attached are the final report and recommendations of a study of out-of-home child care in Kentucky, directed by the Program Review and Investigations Committee, as mandated by SJR 69. The committee staff gathered data and information by literature, record and document reviews, interviews with Department for Social Services and the Kentucky Association of Homes for Children personnel, by surveys, and by visits to selected homes for children.

Information was gathered and evaluated in the effort to answer the questions in SJR 69:

1. Does the reimbursement system for child-care providers meet the need of the children in placements;
2. Are the funds available distributed fairly and equitably;
3. Is out-of-home care provided more effectively or more expensively by private or public agencies;4. Can cost savings be effected by increasing the use of private contractors;
5. Is the number of children in out-of-home care projected to increase in the next ten years.
6. What are the reasons for the placement of children in out-of-state facilities; and
7. What economic and therapeutic benefits could result from providing incentives for in-state agencies to care for children?

Over 9,000 committed children are in out-of-home care in Kentucky, at a cost of more than \$72 million. The care of these children is the responsibility of the Department for Social Services (DSS) in the Cabinet for Human Resources. Children are placed in foster homes, private facilities, both in-state and out-of-state, and the Division of Children's Residential Services (CRS) in DSS.

Juvenile corrections programs are provided through CRS for court-committed children in programs such as day treatment, group-homes, residential services and clinical services. Private child-care facilities have a major role by providing temporary emergency shelters and residential child caring, treatment and group homes. The private facilities define their own missions and establish their own acceptance procedures for the specific children they serve best.

Children have become more difficult to serve, due to major changes in recent years in the severity of problems facing children. Costs have increased from \$7.6 million in 1982 to \$72 million in 1992.

The present child care system is at or near capacity. The increase in population is projected to be about 19,400 by 2000, from about 9,500 in 1990.

Out-of-state placements of children increased from four in 1985 to 96 in 1992. The cost increased from \$28,800 to \$5.3 million. DSS cited the need for psychiatric care as the reason for out-of-state placements. DSS is returning children to Kentucky as appropriate treatment oriented facilities are available.

Reimbursement for care provided is by contract, which covers the total cost of services, or by agreement, which covers a portion of the total cost of services. Federal Agency and General Funds are sources of funding for private out-of-home care.

Selected private and public facilities were selected for comparison. In 1992, \$37.4 million were spent for public facilities, while \$23.4 million were spent for private child-care facilities. The cost per service day was similar in public and private facilities. A subsequent review of costs by DSS showed a lack of comparable data for definitive conclusions. Outcome measures for services rendered are not available. The allocation of indirect costs in state government is a large factor in costs in state facilities.

Private facilities incur expenditures for the education of children who have been placed by DSS, while education costs are totally paid for children in state facilities.

The caseloads of social service workers affect the provision of services to families and children. Social workers spend much time in placing each child. Program changes and staffing deficiencies impact group homes.

The DSS data collection system caused delays. A subsequent review of the system showed a lack of coordination in data collection.

Medicaid payments to Adanta, a service provider with six facilities are under investigation by the Attorney General.

Several recommendations were made to improve deficiencies found. A report of children returned to Kentucky and the utilization of new treatment beds is to be submitted to the committee on July 1, 1993. A request for proposal, as future additional facilities and/or programs is required, should be sent to all private child care providers. DSS is to develop a reimbursement system that considers the level of need of a child and requests the funds necessary for the system. Outcome measures are to

be developed and reported to the committee by July 1, 1993. DSS and the Kentucky Department for Education are to report by July 1, 1993, the resolution of education related problems for in-state and out-of-state child placements. State agency children and those in private care should be included in the accountability index in the Kentucky Education Reform Act, with a report to the committee by July 1, 1993.

A report is to be made by July 1, 1993, on progress in resolving problems of social worker case load, child placement, group home staffing and service, the data collection system, and payments to Adanta, as they relate to out-of-home child care.

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SUMMARY

Out-of-home child care in Kentucky was reviewed in accordance with SJR 69, as mandated by the 1992 General Assembly, in the areas of concern as shown.

Overview and Projections for Out-of-Home Child Care

In 1992 out-of-home child care served over 9,000 committed children in Kentucky and cost over \$72 million. The care of these children is the responsibility of the Department for Social Services (DSS) in the Cabinet for Human Resources (CHR). The major care providers are foster households, private facilities, both in-state and out-of-state, and the Division of Children's Residential Services (CRS) in DSS. The types of programs provided and the licensing and certification procedures are different for the public and private facilities.

The numbers of children served and the costs for serving them have increased in recent years. Additionally, the types of children served have become more difficult. The DSS projects that by the year 2000, the out-of-home child care population will increase by 103 percent system-wide.

Kentucky Children in Out-of-State Placements

According to DSS officials, the state began in 1985 to send children to out-of-state facilities because these children needed types of extraordinary treatment not available in Kentucky. The number of children sent to other states increased from four in FY 1985 to 96 in FY 1992, accompanied by a cost increase from \$25,871 to \$5,319,063. Last year the cost more than doubled that of the previous year; \$4,521,204 of the costs of care payments came from General Fund dollars. The number of contract facilities increased from two to seventeen. After a review by a private consultant, DSS began to return such children to Kentucky.

As of October 1, 1992, 55 children remain outside Kentucky. Contract negotiations for special placements resulted in lower costs, in most instances,

when children were brought from private out-of-state facilities to private in-state facilities. As additional programs/facilities are needed, a request for proposal/bid to private child care providers could assist in answering the question of whether cost savings could be increased by using private providers.

RECOMMENDATION 1

**REPORT RETURN OF CHILDREN TO
KENTUCKY AND UTILIZATION OF
NEW TREATMENT BEDS**

The Cabinet for Human Resources and the Department for Social Services should continue to expedite the appropriate return of children in out-of-state placements to Kentucky. The Cabinet and Department should closely monitor additional and different types of treatment and psychiatric beds in Kentucky to ensure that they are most appropriately utilized. The Cabinet and Department should submit a report to the Program Review and Investigations Committee on July 1, 1993, showing the status of these children and the utilization of these additional beds.

RECOMMENDATION 2

**DEVELOP REQUEST FOR PRO-
POSAL FOR FUTURE NEEDS**

The Cabinet for Human Resources and the Department for Social Services should develop a request for proposal to be sent to private child-care providers, as future additional facilities and/or programs are required.

Reimbursement for Services

Out-of-home care providers are reimbursed by DSS through two methods. The first method is by agreement for partial reimbursement of costs. The second method is by special contract, which provides for 100% reimbursement of costs. The current bi-level reimbursement is less attractive for providers who receive partial reimbursement. A system which provides the same level of reimbursement for all providers could better meet the needs of children.

RECOMMENDATION 3 (AMENDED) DEVELOP SYSTEM OF REIMBURSEMENT THAT CONSIDERS THE LEVEL OF NEED OF THE CHILD; REQUEST FUNDS TO IMPLEMENT THE SYSTEM

The Cabinet for Human Resources and the Department for Social Services, in consultation with the providers, should develop a reimbursement system for child care services that considers the level of need of the child and provides incentives for the development of effective, high quality programs, including features for cost-containment and periodic review to determine the adequacy of reimbursement. The Department for Social Services should request the funds necessary to implement such a service.

Amounts of Funds Available for Private Child Care

The committee adopted a recommendation for a system of reimbursement based on the level of need of the child. The Department for Social Services should request the amount of funding necessary for the reimbursements in such a system.

RECOMMENDATION 4 OUTCOME MEASURES SHOULD BE DEVELOPED

The Cabinet for Human Resources and the Department for Social Services should develop outcome measures for DSS children in private child-care facilities. Consideration should be given to using the same method of outcome measuring in public and private facilities. The Cabinet for Human Resources and DSS should report on the development of the outcome measures to the Program Review and Investigations Committee by July 1, 1993.

Education-Related Problems in Public and Private Facilities

Private facilities have incurred expenditures relating to the education of children who have been placed by DSS. Education-related costs should be paid through local school districts.

RECOMMENDATION 5**ENROLLMENT OF CHILDREN AND
FUNDING TO BE RESOLVED**

The Cabinet for Human Resources and the Department for Social Services should hold regular regional meetings with private child-care providers, the Kentucky Department for Education, local boards of education, and school superintendents, to resolve problems regarding the enrollment of children and education-related funding. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

RECOMMENDATION 6**EDUCATION OF CHILDREN PLACED
OUT-OF-STATE TO BE PAID
THROUGH ELEMENTARY AND SEC-
ONDARY SCHOOL FUNDING**

The Cabinet for Human Resources, the Department for Social Services and the Department for Education should resolve paying for the education of children placed in out-of-state facilities through elementary and secondary school funding, rather than DSS. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

RECOMMENDATION 7**ACCOUNTABILITY INDEX TO IN-
CLUDE CHILDREN PLACED IN PRI-
VATE CARE FACILITIES**

The Department for Education should include state agency children and children placed in private care in the KERA accountability index, including both the district of placement for the child and the district of residence after treatment. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

Observations

Social service workers' caseloads, placement difficulties, program changes and staffing deficiencies in group homes, the data collection system, and Medicaid payments to Adanta impact the ability of the Department for Social Services (DSS) to serve the children committed to it and compound problems of service.

RECOMMENDATION 8**REPORT PROGRESS IN RESOLVING
PROBLEMS**

The Cabinet for Human Resources and Department for Social Services should report progress in resolving the problems of social worker caseloads, placement, group home staffing and service, the data collection system, and payments to Adanta as they relate to out-of-home child-care to the Program Review and Investigations Committee by July 1, 1993.

Subsequent Review of Service Days and Payments

KRS 45.451 states that all bills shall be paid on time, while KRS 45.453 requires payment within thirty working days of the receipt of a vendor's invoice. KRS 45.454 mandates an interest penalty of 1% for each month or fraction thereof after the thirty days.

RECOMMENDATION 9**INTEREST PENALTY FOR UNTIMELY
PAYMENTS**

The Cabinet for Human Resources and the Department for Social Services should pay the interest penalty mandated by statute, when payments for services rendered by out-of-home care providers, are untimely.

CHAPTER I

INTRODUCTION

The 1992 General Assembly enacted Senate Joint Resolution 69, directing a study of state funding for out-of-home child care. The resolution directed the Program Review and Investigations Committee to address the following questions.

1. Does the reimbursement system for child-care providers meet the need of the children in placements;
2. Are the funds available distributed fairly and equitably;
3. Is out-of-home care provided more effectively or more expensively by private or public agencies;
4. Can cost savings be effected by increasing the use of private contractors;
5. Is the number of children in out-of-home care projected to increase in the next ten years;
6. What are the reasons for the placement of children in out-of-state facilities; and
7. What economic and therapeutic benefits could result from providing incentives for in-state agencies to care for children?

Methodology

Program Review staff interviewed personnel with the Department for Social Services (DSS), private child care facilities, state child care facilities, Kentucky Association of Homes for Children, Governor's Office for Policy and Management, University of Louisville State Data Center, Kentucky Department for Education and the Legislative Research Committees for Budget Review, Health and Welfare, and Education.

Program Review sent surveys to all private and public facilities to collect various types of fiscal and program information for use in the study. Site visits were made to 22 private and public facilities. DSS selected four private and five public facilities for comparison.

Program Review staff obtained fiscal information for three fiscal years from the Department for Social Services. This information showed expenditures and payments for Children's Residential Services and private child care facilities.

DSS also provided program information describing the number of children served and their characteristics. Data was provided for various elements of the child placement system, including children placed in out-of-state facilities, children placed in in-state facilities, and children on waiting lists.

CHAPTER II

OVERVIEW AND PROJECTIONS OF OUT-OF-HOME CHILD CARE

Out-of-home child care currently serves over 9,000 committed children in Kentucky and costs over \$72 million. The care of these children is the responsibility of the Department for Social Services (DSS) in the Cabinet for Human Resources (CHR). The major care providers are foster households, private facilities both in-state and out-of-state, and the Division of Children's Residential Services (CRS) in DSS. The types of programs provided and the licensing and certification procedures for the public and private facilities are different.

The numbers of children served and the costs for serving them have increased in recent years. The DSS projects that by the year 2000, the out-of-home child care population will increase by 103 percent system-wide. The increasing severity of problems facing these children has made their care more difficult.

Department for Social Services is Responsible for Care

DSS is the single point of entry for children and families needing crisis intervention or protective assistance. The DSS provides services for children who are found to be dependent, neglected and abused, adjudicated public or status offenders, or needing psychiatric care.

Most of these children, once identified, have their treatment needs assessed by their social worker in the Division of Family Services. The DSS Commissioner pointed out that whatever services are provided are directed toward reunification of the family. In describing the family-based delivery system, the Commissioner said, in a letter to Program Review staff:

"The approach of the Family-Based Service Delivery System is designed to provide the maximum services to a family at the time of crisis to assure their safety and to prevent the break-up of the family unit. This permanency planning approach to the delivery of social services focuses on families rather than an individual member. Services in this context are intended to strengthen and maintain families and prevent family dissolution and out-of-home placement.

"KRS 600.010, in the Unified Juvenile Code, states that the children should be assigned to the most appropriate care available in the least restrictive

settings to meet their needs. Placements sometimes are governed by other factors such as court orders and psychiatric referrals. In actuality the availability of slots or beds can be the determining factor."

Children's Residential Services Provide Juvenile Corrections Programs

The Children's Residential Service Division (CRS) of the DSS is the major state agency responsible for providing services in the continuum-of-care. CRS provides beds and slots for court-committed children in juvenile corrections programs, such as day treatment, group home care, residential services and clinical services. Referrals to CRS initially are directed from the family services social workers to the juvenile services specialists for placement. CRS is required to treat any and all children so referred.

The 17 day-treatment centers are designed for less difficult youths diagnosed as more receptive to community conscience and family involvement. Additionally, they serve youths who reside in group homes. The 12 residential facilities serve youths who have demonstrated a very poor, or almost non-existent, internal control to live in an open community. These treatment facilities serve those who range from the very delinquent to the children with emotional and behavioral disabilities. The two clinical service facilities (formerly under Mental Health/Mental Retardation) provide 24-hour care, Monday through Friday, and emphasize a family approach to treatment. The 17 group homes were designed to serve youths who demonstrate sufficient internal controls to function in a structured but open setting.

Private Facilities Have Major Role in Out-of-Home Care

Private child care facilities play a major role in the continuum-of-care for committed children. They furnish services in temporary emergency shelters for short-term intervention or for children awaiting long-term placement. They furnish residential services in three areas: child caring, treatment and group homes.

Many of these facilities, which originally were orphanages, have a long history of serving children. Changes in the types of children needing services have caused some of the facilities to adjust their programs. Several have changed from child caring to treatment facilities and have added independent living programs. Some have increased the intensity of their treatment programs, while a few are taking on the new roles of Psychiatric Residential Treatment Facilities (PRTFs).

The private facilities define their own missions and establish their own acceptance procedures for the specific children they serve best. For instance, one particular provider organization conducted a review of its own mission in responding to the needs of Kentucky's children. The resulting planning document depicted numerous opportunities for service to children and their

families. The document cited the need for placement resources and stated that the organization had turned away "disproportionately the more difficult-to-work-with child". Private facilities are not compelled to retain a child to completion of treatment if they are unable to meet the needs of a child.

Public and Private Facilities Are Certified by Different Authorities

Public facilities are reviewed annually by the American Correctional Association (ACA). As a part of that review, the Division of Program Management conducts a "Quality of Life" review for each facility. CRS conducts its own management reviews and exit reviews with clients.

To maintain certification, private facilities must conform to regulations promulgated by the Division of Licensing and Regulation (L & R) in the Office of Inspector General of CHR. In 1991 certain private facilities were surveyed by the then Quality Control Section of Program Management in DSS. The Commissioner said this type of monitoring was duplicative of L & R and was therefore abandoned. Currently, the Quality Assurance Branch of DSS reviews all exit interviews of children leaving facilities. Some private facilities also have national certification.

Children Are Increasingly More Difficult to Serve

In 1985, the Program Review and Investigations Committee conducted a study published as Reimbursement to Private Child Care Agencies. Since that time, the numbers of children needing care and treatment and the costs of caring for these children have increased. Most parties connected with serving these children concur in one basic finding: due to major changes in recent years in the severity of problems facing these children, they have become more difficult to serve.

For this study, private child care providers and state officials were asked by a Program Review and Investigations survey, "Have there been major changes in recent years in the severity of problems in the children you serve? If so, please explain." All 27 responders of private facilities that served children in 1984 answered in the affirmative. The children today have more severe problems than in 1984. Of the 28 state responders accustomed to caring for difficult children, 19 said the children were more difficult. Table 2.1 lists the children's characteristics they reported.

TABLE 2.1

**PERCEIVED CHANGES IN POPULATION CHARACTERISTICS
BY PRIVATE AND STATE-OPERATED AGENCIES
1992**

CHARACTERISTIC	PRIVATE	STATE
MORE SEVERELY DISTURBED	24	9
MULTIPLE PROBLEMS	10	3
MORE BEHAVIORAL PROBLEMS	10	3
NO FAMILY CONTACT	9	1
SEXUALLY ABUSED	6	4
MORE NEED FOR SPECIAL EDUCATION	6	2
MORE SEXUAL OFFENDERS	1	7
MORE DELINQUENT	4	1
CHEMICAL DEPENDENCY	3	1
MULTIPLE PRIOR PLACEMENTS	4	0
DUAL-DIAGNOSED	4	0
MORE ON MEDICATION	1	2
SELF DESTRUCTIVE	0	3
MORE PROBLEMS IN YOUNGER CHILDREN	1	1
SUICIDE	2	0
YOUTHFUL OFFENDERS	0	2
CLIENTS FROM HOSPITALIZATION	0	1
DRUG DEALERS	0	1
LACK OF ALTERNATIVES	1	0
MORE HEALTH PROBLEMS	1	0
MORE SERIOUSLY NEGLECTED AND ABUSED	0	1
REPEATED AWOLS	0	1

SOURCE: Program Review and Investigations Survey of facilities.

DSS Tracks Children Served by Age and Legal Status

DSS furnished the age and legal status of the children served in FY 1992 in public and private facilities (Table 2.2). The public facility information comes from the CRS tracking system. The private facility information is from the Division of Program Management. Because the CRS tracking system is unable to provide the information using unduplicated numbers, duplicated numbers were used for public and private comparisons.

Using data provided by DSS that included day treatment, residential and group home information, Table 2.2 shows that public facilities serve more public offenders (50 percent) than any other type of commitment. Private facilities serve more dependent, neglected and abused children (34 percent of their total population). Status and public offenders each comprise about 21 percent of the total private care population. There were 29 youthful offenders in the public facilities and 2 youthful offenders in the private facilities.

Most of the children in the system are in the 13-18 age range, 92 percent for public and 74 percent for private. Private facilities serve the youngest children. In this category six percent of the population are in the 0-5 age range in private facilities.

From the 1984 Program Review study, Table 2.3 shows a similar comparison of characteristics for children served by private facilities only in 1984 and 1992. The 1984 study did not collect similar data for public facilities. The age characteristics seem to be similar by percentages. On the other hand, the types of commitment do not correlate closely. Several additional types of commitments are used in the current system. Also, the Department was not able to determine the status of ten percent of the children it served in FY 1992.

TABLE 2.2
DSS Committed Children
Private Child Care Population
By Legal Status/Age FY 1992

TYPE OF COMMITMENT	PUBLIC (A) (C)		PRIVATE (A)		TOTAL
	NUMBER	% OF SUBTOTAL	NUMBER	% OF SUBTOTAL	
DEPENDENT, NEGLECTED, ABUSED	66	2%	935	34%	1,001
STATUS OFFENDER	502	12%	566	21%	1,068
STATUS OFFENDER, PROBATION	202	5%			202
PUBLIC OFFENDER	2,022	50%	579	21%	2,601
PUBLIC OFFENDER, PROBATION	228	6%			228
YOUTHFUL OFFENDER	29	1%	2	0% (B)	31
YOUTHFUL OFFENDER, PROBATION					0
VOLUNTARY	354	9%	83	3%	437
TEMPORARY CUSTODY			281	10%	281
NOT COMMITTED	627	16%			627
SEXUAL OFFENDER			1	0%	1
PROBATED			2	0%	2
NOT REPORTED BY DSS			272	10%	272
SUBTOTAL	4,030		2,721		6,751
AGE					
0 - 5			159	6%	159
6 - 12	224	6%	534	20%	758
13 - 18	3,691	92%	2,007	74%	5,698
19 UP	115	3%	21	1%	136
SUBTOTAL	4,030		2,721		6,751

SOURCE: Public Data DSS - Residential Services Tracking System

Private Data DSS - Program Management

NOTE: (A) Includes duplications within FY across categories.

(B) Only 2 youthful offenders.

(C) Includes day treatment facilities.

TABLE 2.3

**DSS Committed Children
Private Child Care Population
By Age/Legal Status
1984 and 1992**

AGE	PERCENT OF POPULATION	
	1984	1992
AGES 0 - 5	3%	6%
AGES 6 - 12	22%	20%
AGES 13 - 18	75%	74%
AGES 19 - 21		1%
TYPE OF COMMITMENT		
DEPENDENT/NEGLECTED/ABUSED	56%	34%
STATUS OFFENDER	26%	21%
PUBLIC OFFENDER	18%	21%
YOUTH OFFENDER		0% *
VOLUNTARY		3%
TEMPORARY CUSTODY		10%
NO LISTINGS		10%

* Only two youthful offenders

SOURCE: 1984 - Program Review and Investigations Questionnaire of Sample PCCs; 1992 - Dept. for Social Services, CHR

Numbers and Costs Show Increase

Table 2.4 shows the changes in the number of children in out-of-home child care from 1982 to 1992. Since 1984, the only decrease has been in the numbers of children in foster care. The populations in all other categories have increased during this time.

- Children in foster care have decreased by 16 percent;
- Children in state facilities have increased by 23 percent;
- Children in private facilities have increased by 80 percent;
- Children in out-of-state facilities have increased from 0 to 94; and
- Total children have increased by 6 percent.

Figures shown in the table contain duplicate numbers, due to children being served by more than one program in a given year, or being moved from one type of care to another. The departmental information is not clear on this point.

TABLE 2.4
Number and Cost Comparison CHR - Committed Children (F)
FY 1982-1992

FISCAL YEAR	TOTAL NUMBER FOSTER CARE CHILDREN	% OF TOTAL FOSTER CARE	TOTAL NUMBER STATE CHILDREN (A)	% OF TOTAL OF STATE	TOTAL NUMBER PCC CHILDREN	% OF TOTAL PCC CHILDREN	TOTAL OUT-OF-STATE PLACEMENTS	% OF OUT-OF-STATE PLACEMENTS	TOTAL NUMBER OF CHILDREN
1982	5,090		N/A		1,042				
1983	5,569	61%	2,406(C)	26%	1,135	12%	0		9,110
1984	5,399	61%	2,271	26%	1,109	13%	0		8,779
1985	5,173	58%	2,550	28%	1,255	14%	4		8,978
1986	5,131	58%	2,452	28%	1,319	15%	4		8,902
1987	5,070	56%	2,574	28%	1,461	16%	22		9,105
1988	4,662	53%	2,754	31%	1,440	16%	22		8,856
1989	4,641	49%	2,916	31%	1,876	20%	47		9,433
1990	4,633	48%	2,867	30%	2,085	22%	60	1%	9,585
1991	4,461	49%	2,741	30%	1,991	22%	76	1%	9,193
1992	4,535	49%	2,786	30%	1,993	21%	94	1%	9,314

FISCAL YEAR	TOTAL PAYMENTS ON FOSTER CARE	% OF TOTAL DOLLARS ON FOSTER CARE	TOTAL PAYMENTS STATE FACILITIES(B)	% OF TOTAL DOLLARS STATE FACILITIES	TOTAL PAYMENTS ON PCC CHILDREN	% OF TOTAL PAYMENTS PCC CHILDREN	TOTAL PAYMENTS OUT-OF-STATE	% OF TOTAL PAYMENTS OUT-OF-STATE	TOTAL PAYMENTS
1982	\$5,869,157				\$1,681,942		\$0	0%	\$7,551,099
1983	\$7,058,600	34%	\$11,449,417	56%	\$2,022,895	10%	\$143	0%	\$20,531,055
1984	\$9,083,195	32%	\$16,853,132	60%	\$2,322,485	8%	\$0	0%	\$28,258,812
1985	\$9,005,914	28%	\$20,150,171	64%	\$2,455,324	8%	\$25,871	0%	\$31,637,280
1986	\$10,860,357	28%	\$24,080,583	63%	\$3,188,228	8%	\$64,649	0%	\$38,193,817
1987	\$11,843,255	29%	\$25,254,715	61%	\$3,990,375	10%	\$148,429	0%	\$41,236,774
1988	\$12,097,384	27%	\$26,764,067	61%	\$4,938,486	11%	\$372,472	1%	\$44,172,409
1989	\$11,968,917	25%	\$27,810,557	58%	\$7,721,539	16%	\$274,047	1%	\$47,775,060
1990	\$12,749,117	25%	\$26,276,665	51%	\$10,832,459	21%	\$1,714,535	3%	\$51,572,776
1991	\$14,920,875	25%	\$28,774,650	49%	\$13,033,873	22%	\$2,228,113	4%	\$58,957,511
1992	\$17,210,346	24%	\$31,449,003	44%	\$18,048,285(D)(E)	25%	\$5,319,063	7%	\$72,026,697

SOURCE: CHR/DSS information

(A) Children could be duplicated if they were in more than one type of facility in the year.

(B) Includes direct costs for operating state facilities and supervisory costs for CRS Div.

(C) Does not include Clinical Treatment.

(D) Includes payments to Brooklawn and R.E.A.C.H.

(E) Includes 12 1/2 or 13 month year.

(F) Medicaid payments are not included in these payments.

Table 2.4 also shows increases in payments made for cost of care and incidentals on the various types of care. Again,

- Payments for children in foster care have increased by 89 percent;
- Payments for children in state facilities have increased by 87 percent;
- Payments for children in private facilities have increased by 677 percent;
- Payments for children in out-of-state facilities have increased from zero to \$5,319,063; and
- Total payments for care of these children have increased by 154 percent.

The dollar amounts reflected in the column for state facilities include direct operating costs for those facilities and indirect costs for the Children's Residential Services Division. The FY 1992 cost of approximately \$18 million for children in private facilities includes payments to the Brooklawn PRTF prior to its Medicaid certification and to R.E.A.C.H., Inc. for therapeutic foster care payments. Also, the Department reported that the \$18 million represented payments for 12 1/2 or 13 months, due to internal procedural changes it incurred in converting to a different payment system.

Child Care System Is at or near Capacity

There are few vacancies in residential and treatment facilities in the out-of-home child care system. The following tables reflect figures for capacity days and service days for each facility by type of facility. Capacity, established in the certification process, shows the number of beds/slots which are allowed, while service days refer to the actual days a bed/slot is occupied. Table 2.5 shows that in FY 1992 the Children's Residential Services system offered 228,612 capacity days and filled 216,539 service days, leaving a vacancy rate of 5 percent. The day treatment programs show service days in excess of capacity. According to CRS officials that is customary, since children are in and out of day treatment during a given day, not all in place at one time.

Table 2.6 shows that the private facilities system offered 334,705 capacity days and filled 194,663 service days with committed children. In most cases the balance of service days was used to serve children who were not committed to the state but were private placements. Some private facilities utilize these days by serving children from other states at 100 percent reimbursement; others retain a few beds for local children needing service.

Administrators at two emergency shelters said that their population was down for FY 1992; shelter administrators in other parts of the state said they

needed more beds. Program Review staff was unable to identify any "excess" or "shortage" of availability of service days by facility or type of facility, because DSS can not specify service days for several facilities where the service days were grouped and billed by a provider organization.

TABLE 2.5

Children's Residential Services Capacity/Service Days FY 1992

FACILITY BY TYPE		CAPACITY BEDS/SLOTS	CAPACITY DAYS	SERVICE DAYS
GROUP HOMES - CRS OPERATED @366 days				
1	ASHLAND	8	2,928	2,518
2	BOWLING GREEN	8	2,928	2,176
3	BURNSIDE	8	2,928	2,177
4	FRENCHBURG	8	2,928	2,770
5	GLASGOW	8	2,928	2,913
6	HOPKINSVILLE	8	2,928	2,871
7	LONDON	8	2,928	2,721
8	MAYFIELD	8	2,928	2,910
9	MIDDLESBORO	8	2,928	2,717
10	WADDY	8	2,928	2,467
11	WALTON	8	2,928	2,865
12	WESTPORT	8	2,928	2,928
SUB TOTAL		96	35,136	32,033
GROUP HOMES - CONTRACTED @366 days				
13	BARDSTOWN ROAD	8	2,928	2,043
14	CRESCENT	8	2,928	2,183
15	KENNEDY	8	2,928	2,928
16	PROSPECT HOUSE	8	2,928	2,928
17	WINTER AVENUE GROUP	8	2,928	2,576
SUB TOTAL		40	14,640	12,658
RESIDENTIAL SERVICES PROGRAMS @366 days				
18	CARDINAL TREATMENT CENTER	33	12,078	10,554
19	CENTRAL KENTUCKY TREATMENT CENTER	42	15,372	15,372
20	GREEN RIVER BOYS' CAMP	44	16,104	15,561
21	JOHNSON-BRECKINRIDGE TREATMENT CENTER	34	12,444	11,558
22	KCH/RICE-AUDUBON	42	15,372	14,023
23	LAKE CUMBERLAND BOYS' CAMP	44	16,104	15,791
24	LINCOLN VILLAGE TREATMENT CENTER	32	11,712	11,072
25	MAYFIELD BOYS' TREATMENT CENTER	30	10,980	10,264
26	MOREHEAD TREATMENT CENTER	32	11,712	11,366
27	NORTHERN KENTUCKY TREATMENT CENTER	40	14,640	14,076
28	OWENSBORO TREATMENT CENTER	33	12,078	11,971
29	WOODSBEND BOYS' CAMP	40	14,640	14,640
SUB TOTAL		446	163,236	156,248
CLINICAL SERVICES @ 280 days				
30	CENTRAL KENTUCKY RE-ED	30	7,800	7,800
31	LOUISVILLE RE-ED TREATMENT PROGRAM	30	7,800	7,800
SUB TOTAL		60	15,600	15,600
TOTAL		642	228,612	216,539
DAY TREATMENT PROGRAMS - CRS OPERATED A @ 230 days				
32	ASHLAND	30	6,900	9,660
33	CHRISTIAN COUNTY	30	6,900	8,879
34	HARDIN COUNTY	40	9,200	8,768
35	LOUISVILLE	75	17,250	17,237
36	NEWPORT	45	10,350	10,910
37	OWENSBORO	50	11,500	12,682
SUB TOTAL		270	62,100	68,136
DAY TREATMENT PROGRAMS - CONTRACTED A @ 230 days				
38	BULLITT COUNTY	50	11,500	13,405
39	COVINGTON AREA	53	12,190	13,782
40	CROPPER	30	6,900	6,033
41	HARRODSBURG	22	5,060	8,732
42	HOPKINS COUNTY	30	6,900	7,954
43	LAUREL COUNTY	30	6,900	8,971
44	LEXINGTON	55	12,650	15,653
45	LIFESKILLS	36	8,280	7,592
46	MADISON	30	6,900	8,496
47	SHELBY VALLEY	30	6,900	3,396
48	WILKINSON STREET	50	11,500	18,149
SUB TOTAL		416	95,680	112,163
GRAND TOTAL			386,392	396,838

SOURCE: Information provided by DSS - Division Program Management

NOTE: A - Open Monday through Friday

May exceed capacity by 10%, according to CRS officials.

TABLE 2.6
Private Child Care Agencies/Service Days
FY 1992

	FACILITY BY TYPE	CAPACITY BEDS	CAPACITY DAYS	CHR SERVICE DAYS ONLY	PCC RECORDS
	GROUP HOME				
1	CHANNEY HOUSE	8	2,920	2,606	
2	METRO	8	2,920	2,426	2,525
3	WEST HOME FOR GIRLS	8	2,920	2,917	2,932
4	ADANTA (5 HOMES) Inc. in Adanta below	20	7,300		
	SUB TOTAL	44	16,060	7,949	
	CHILD CARE FACILITIES				
5	BELLEWOOD PRESBYTERIAN Inc. Bellewood Center	37	13,505	4,606	5,093
6	BOYS HAVEN	31	11,315	2,729	
7	BRIGHTON CENTER Inc. Homeward Bound	12	4,380	8,685	3,483
8	CLEVELAND HOME	16	5,840	3,186	3,245
9	GLENDALE Inc. in KY Baptist	60	21,900		16,588
10	HACK ESTEP..BOYS	14	5,110	3,617	
11	HOPE HILL	33	12,045	339	
12	MARY KENDALL Inc. in Methodist Home	20	7,300		9,665
13	PRESBYTERIAN COMMUNITY SERVICES				5,193
14	SPRING MEADOWS BAPTIST Inc. in KY Baptist	60	21,900		12,496
15	ST. JOSEPH'S CATHOLIC	40	14,600	5,685	11,513
	SUB TOTAL	323	117,895	28,847	
	TREATMENT ORIENTED				
16	BAPTIST YOUTH RANCH Inc. in KY Baptist	11	4,015		3,579
17	BUCKHORN Inc. Dessie Scott	32	11,680	23,142	11,797
18	DESSIE SCOTT Inc. in Buckhorn	36	13,140		13,017
19	CHILDREN'S..NORTHERN KY	24	8,760	7,113	6,835
20	CHRISTIAN CHURCH	40	14,600	10,375	
21	DIOCESAN CATHOLIC	28	10,220	7,896	7,860
22	GERTRUDE RAMEY	32	11,680	9,956	11,273
23	HOLLY HILL	20	7,300	6,912	6,930
24	MARYHURST	44	16,060	7,165	10,616
25	METHODIST HOME Inc. Mary Kendall Home	50	18,250	24,164	15,915
	SUB TOTAL	317	116,705	96,723	
	EMERGENCY/TEMPORARY				
26	BARNABAS JACKSON CO.	8	2,920	1,473	1,702
27	BELLEWOOD Inc. in Bellewood Home	8	2,920		1,523
28	COLEMAN (LEX-FAY)	14	5,110	2,274	267
29	COLLEGE KY BAPTIST				797
30	DIXON - KY BAPTIST				2,738
31	FLORENCE CRITTENTON	20	7,300	1,097	1,097
32	GATEWAY	12	4,380	257	378
33	HOLLON	8	2,920	2,292	2,450
34	HOME OF THE INNOCENTS	40	14,600	7,065	
35	HOMEWARD BOUND Inc. in Brighton Center	16	5,840		5,271
36	KY BAPTIST..	20	7,300	34,849	
37	MAPLEWOOD	29	10,585	7,602	7,760
38	MARY KENDALL-EMER. Inc. in Methodist Home	18	6,570		9,665
39	METRO ALTERNATIVE	8	2,920	1,976	2,004
40	MOREHEAD - KY BAPTIST				2,312
41	OPERATION HOPE	12	4,380	1,663	1,663
42	YMCA	20	7,300	596	
	SUB TOTAL	233	85,045	61,144	
	TOTAL	917	334,705	194,663	
	PSYCHIATRIC TREATMENT				
43	BROOKLAWN- Not open all year	16		222	584
44	CHARTER -Not open all year	16			0
	SUB TOTAL	32		222	
	OTHER				
45	ADANTA			15,264	
46	REACH	NA		249	249
	GRAND TOTAL			210,398	

SOURCE: Information provided by DSS Div. Prog. Mgt.

Projections of Children in Out-of-Home Care by 2000

The Department for Social Services (DSS) developed projections showing significant increases in the out-of-home care population by the year 2000. The Child Welfare League studied the needs of children in out-of-home care and identified some problems and causes. The Kentucky State Data Center and "Summit 2000" addressed issues surrounding the general workforce from the year 2000 on. These efforts outline a scenario which would allow for planning and development of facilities and programs to meet future needs.

Kentucky Projections Increase in Out-of-Home Population

For the purposes of this study, DSS was asked to project population increases in out-of-home child care for the next decade. Department analysts used base populations for FY 1990 and estimated the percentages of increase based on projected increases in numbers of single-parent households and children in poverty. Estimates of this type depend on a wide variety of factors, which include family stresses from many angles, women who make lower salaries than their male counterparts, low education levels of parent(s) and children, and relationships to rural and/or inner city life styles. On the other hand, the numbers of children in poverty actually could be less than predicted, due to birth rates holding constant and changes in birth control technology. Further, success or failure of such programs as IMPACT and Family Preservation could affect the numbers. Overall, the entire system of social service will be impacted by the general state of the economy and legislative actions at both the state and national levels. DSS estimates represent the best projections available based on current information.

Table 2.7 shows projections in population increase in out-of-home child care, in foster care, in state-operated Children's Residential Services, and in private facilities as well. The increases in percentages vary from 55% for private facilities to 96% for state facilities to 128% for foster care, projecting a total population increase of 103% by the year 2000. If these projections are utilized for a development plan, the private and public facilities could construct buildings, plan for increased staff, and develop programs.

CRS Has Had a Waiting List Since 1983

With projections for out-of-home care pointing to increases in children to be served by CRS, the agency's problems will be compounded if capacity and programs are not increased soon. The waiting list for placement began to accumulate in 1983 in CRS. Numerous expansions of facility beds have failed to eliminate the waiting list because referrals have increased, and because the severity of treatment needed for many children has increased. By August 1992, the number on the list increased to 93, but by October it was reduced to 55.

The Commissioner explained that while the Department was working to increase the number of beds in residential facilities and group homes, officials also were working closely with district judges to resolve these issues. CRS officials have encouraged their facility administrators to intensify programs to shorten the time allotted for completion of a youth's treatment plan when possible. To further reduce the waiting list the Department recently discussed the problem with private administrators and contracted with a private facility to care for some adjudicated delinquents.

TABLE 2.7

**Projected Population Increase Out-of-Home Child Care
1990 - 2000**

POPULATION	YEAR		INCREASE	
	1990	2000	POPULATION	PERCENT
FOSTER CARE	4,633	10,582	5,949	128%
CHILDRENS' RES. SERV.	2,867	5,617	2,750	96%
PRIVATE FACILITIES	2,089	3,229	1,140	55%
TOTAL	9,589	19,428	9,839	103%

NOTE: (1) Projections assume same ratio of population

(2) Projections include increases in numbers of single parent households and children in poverty.

SOURCE: Department for Social Services, Div. of Program Management.

Needs and Difficulty of Children Are Also Increasing

The Child Welfare League in Washington, DC., does not project the number of children needing out-of-home child care, but it does contribute summary data and synopses of conditions of cause. It reported that the needs of these children have become more complex and perplexing. In addition to the historical problems affecting these children, many have been "traumatized by poverty and homelessness, emotional maltreatment, physical and sexual abuse, alcohol, and other drug exposure, HIV infection, and the worst fear of all children- the inability of their parents to take care of them."

The report criticizes the historically underfunded child welfare system for its lack of design "to serve the most troubled population of children and families in the history of our country. It (the system) is built on century-old premises that no longer are valid. . . "

With an increase of 38% in the number of children in care over the last decade, the report refers to the increase in the demand for foster homes, but cites a 30% decrease since 1984 in the number of homes available nationwide. Kentucky foster care program administrators reported that there was a slight net

increase in the number of foster care households for FY 1992 over the previous year. Causal factors are not known. Figures concerning trends over several years are not available.

Failure to Treat Now Can Impact Future Population

The Director of the Kentucky State Data Center has predicted a more dependent population of children in the next few years. He expressed concerns about increased drug and alcohol addictions in this population, compounded by other types of mental and emotional problems, all impacting this segment of children approaching workforce age. His data leads him to consider that many of these children may be lost as members of the future workforce unless their problems are addressed in the immediate future. Additionally, the number of elderly, retired persons is increasing. Therefore, in the future a reduced population of productive people in the workforce will be burdened by the very heavy financial burden of caring for the extremes.

In November 1991, a forum sponsored by the Advisory Council for Social Services and the Department for Social Services looked at these and other issues facing "the drastically changing population structure in Kentucky and the impact of those changes on at-risk individuals." The report of this forum, "Summit 2000," said that if any portion of that generation is non-productive because of such social factors as drug addiction, illiteracy, family stresses and abuses, the generation will face even more perplexing problems.

CHAPTER III

KENTUCKY CHILDREN IN OUT-OF-STATE PLACEMENTS

According to Department for Social Services (DSS) officials, in 1985 the state began to send committed children to out-of-state facilities because these children needed types of extraordinary treatment not available in Kentucky. The DSS contracts with out-of-state providers under the auspices of the Interstate Compact on Placement of Children (KRS 615.303). The number of children sent to other states increased from four in FY 1985 to 96 in FY 1992, accompanied by a cost increase from \$25,871 to \$5,319,063. Last year the cost more than doubled that of the previous year. \$4,521,204 of the cost of care payments for FY 1992 came from General Fund dollars. The number of contract facilities increased from two to seventeen for the same period. After a critical review by a private consultant, DSS began to return children to Kentucky. As of October 1, 1992, 55 children remain outside Kentucky.

Out-of-State Placements Have Increased

On February 1, 1992, the number of Kentucky children placed out-of-state was at an all-time high of 84. Since that date, twelve more children have been placed out-of-state. Basic information on these children is listed in Table 3.1.

TABLE 3.1

**Out-of-State Placements
February 1, 1992 thru October 1, 1992**

FACILITY/TYPE	PROFIT STATUS	RATE/RANGE	CHILDREN PLACED	CHILDREN RETURNED	
				TREATMENT	HOME
OHIO CENTER YOUTH FAMILY DEV THERAPEUTIC RESIDENTIAL TREATMENT	NON-PROFIT	\$149.80/ \$249.80	31	2	10
NEW MEDICO, TENN NEUROLOGICAL REHABILITATION HOSPITAL	NON-PROFIT	\$500.00	1		
GIBULT SCHOOL, IND. SEXUAL OFFENDER TREATMENT	NON-PROFIT	\$90.50/ \$247.00	5		2
ST. JOSEPH'S OHIO RESIDENTIAL CHILD CARE	NON-PROFIT	\$91.00/ \$110.00	8		1
UNITED METHODIST HOME, IND.	NON-PROFIT	\$72.00/ \$98.00	4	1	
PINEY RIDGE, MISS	PROFIT	\$375.00	1	1	
CHILDREN'S HOME OF CINCINNATI CHRONIC PSYCHOLOGICAL TREATMENT	NON-PROFIT	\$120.00/ \$183.00	4	1	1
VILLAGES OF INDIANA RESIDENTIAL CHILD CARE	NON-PROFIT	\$53.00/ \$84.00	3		
MANATEE PALMS, FLA. ACUTE PSYCHIATRIC RESIDENTIAL HOSPITAL	PROFIT	\$315.00/ \$505.00	26	11	5
CPC PALM BAY, FLORIDA PSYCHIATRIC TREATMENT HOSPITAL	PROFIT	\$340.00/ \$460.00	7	1	2
DEVERAUX FOUNDATION, TEXAS	NON-PROFIT	\$321.29	2		1
ROSEMONT CENTER, OHIO RESIDENTIAL CHILD CARE	NON-PROFIT	\$114.75	1		1
OAKS TREATMENT, TEXAS		\$8.95*	1		
COPPER CARE, OHIO		\$70.00	1		
HOLY FAMILY INST., PA	NON-PROFIT	\$46.15	1		

* Balance of cost paid by CHAMPUS

SOURCE: Data provided by Div. Family Services, DSS

The following descriptions summarize actions for children who were out-of-state between February 1 and October 1, 1992.

- Sixteen have been returned to families/relatives;
- Four have aged out of the child care system (one of these is at Western State);

- Fourteen have returned and are in long-term treatment facilities or therapeutic foster homes;
- Three have returned and are in Children's Residential Services programs;
- Three have returned and are in foster homes; and
- Thirty-nine have been out-of-state since before January 1, 1992.
- Twelve children have been placed out-of-state since February 1, 1992.

All out-of-state facilities are reimbursed for full cost of care. Although all special contract beds in the state were full when most of these children were originally placed, DSS did not seek to establish additional special contracts for appropriate treatment beds at in-state facilities for full costs. Recently DSS has actively negotiated with in-state facilities to accept some of these children at 100% of cost reimbursement.

As of June 1, 1992, the children at Manatee Palms and CPC Palm Bay were determined to be Medicaid eligible. Therefore, their respective costs have since been paid subject to the Medicaid guidelines, and are no longer paid out of the Department for Social Services budget. This standard applies until a child is decertified by Medicaid and the appeal is disallowed or the child completes treatment.

By October 1, 1992, 55 children remained in out-of-state placements. The total cost of caring for these children is \$10,773 per day. Of this total daily amount, \$5,828 is paid by the Department for Social Services, and \$4,945 is paid by Medicaid.

DSS was unable to provide complete information on all out-of-state placements, due to its lack of centralized information, hard copy information requiring file search, or staff time to research information. Information was provided for a sample of 15 children in out-of-state placements. This information included psychiatric diagnoses and reasons for out-of-state placements. Many of these children showed numerous previous placements. Of the fifteen children in the sample, the following information on Table 3.2 shows the average and range for previous placements:

TABLE 3.2

**PREVIOUS PLACEMENTS
KENTUCKY'S OUT-OF-STATE CHILDREN
AGE/RANGE SAMPLE**

TYPE OF TREATMENT	AVERAGE NUMBER OF PREVIOUS PLACEMENTS	RANGE OF PREVIOUS PLACEMENTS
Foster homes	3.2	0 - 11
Day treatment	0+	0 - 1
Private facility	2.3	0 - 6
State facility	0+	0 - 2
Psychiatric hospital	3.7	0 - 9

SOURCE: Information provided by DSS.

DSS Cites Need for Psychiatric Care

DSS attributes Kentucky's increased use of out-of-state facilities to the increase in the numbers of very difficult children in the state. While the numbers of difficult cases have increased, the numbers of new treatment beds in Kentucky have not kept pace. In 1989, DSS contracted for 28 new beds for children with emotional and behavioral disabilities (formerly severely emotionally disturbed). These slots were filled quickly and DSS again sought beds out-of-state.

According to the DSS Commissioner, within the last few years, more and more children have been diagnosed by psychiatrists as needing long-term psychiatric care. Until recently, Kentucky had no treatment center for such care. Now the state has two Psychiatric Residential Treatment Facilities (PRTFs), Brooklawn in Louisville and Charter in Paducah, in which more than 90% of the population have been newly-diagnosed as requiring psychiatric care. The PRTFs were developed with the goal of returning out-of-state placements to Kentucky, but most of these additional 32 beds were quickly filled with Kentucky children with new psychiatric referrals, who might otherwise be placed out of state themselves. The problem is that beds cannot be held open until an out-of-state placement is ready to return to Kentucky. According to DSS officials, children cannot always be moved immediately when space becomes available because of treatment considerations.

Out-of-State Placement Requires Several Reviews

In 1990 DSS established written guidelines for placing Kentucky committed children in out-of-state facilities:

Placement decisions shall be based primarily on the best interests of the child, subject to the limits of available resources. Criteria to be considered are the treatment or service needs of the child, the least restrictive setting in which those needs can be met, and the appropriateness of available placement options to a child's needs...The Department for Social Services will continue to work with private agencies in Kentucky to develop the resources needed to serve children with special needs.

An out-of-state placement may be precipitated by three different circumstances. First, a child with unique treatment needs may be sent to an out-of-state facility if no appropriate in-state placements are available. However, first DSS must conduct an in-state search for placement and consider the possibility of supplementing treatment with other community resources, such as a mental health facility. Second, appropriate in-state facilities may be available when a child is committed, but there may be no vacancy within a reasonable distance of the child's home. In these cases, an out-of-state placement within proximity of the child's home may be used if it is of "comparable cost." The third type of out-of-state placement coincides with adoption disruption. Under this circumstance, a child living out of state when placement is required may be given immediate placement in a facility nearby, subject to cooperation of local authorities and to a 30-day DSS review.

Department officials insist that these guidelines are consistently followed with each child. They also say that as space becomes available, particularly in four private child care residential treatment facilities and in PRTFs, these children are brought home either in tandem with their treatment completion or if treatment has reached a plateau.

DSS officials described the legal and administrative safeguards to insure the appropriateness of out-of-state placement. In order to send status offenders and public offenders out-of-state, there must be a court hearing. DSS must demonstrate that there are no appropriate facilities available within the state and also certify that the out-of-state facility is capable of meeting the child's specific needs.

There is an administrative safeguard built into caring for the dependent, neglected, abused children in out-of-state facilities. First, field staff must demonstrate the necessity of placement. Central office must review and concur with field staff recommendation; the Commissioner also must agree. In cases where a child has had prior placements at in-state facilities, the Director of Family Services reviews all supporting material, contacts the last one or two

placement facilities to determine the reasons for any previous rejections, and reviews the psychological report.

In-State Alternatives Are Being Developed

The fact that children recently returned to Kentucky are in psychiatric facilities, therapeutic foster care and state-operated facilities implies the need for continued care. The Commissioner explained in an interview that, "The system does not need a proliferation of institutions. It may need some new units to meet current needs."

In addition to the PRTFs, the DSS contracted with Valley Institute for Psychiatry (VIP) in the Green River ADD to care for 16 children in its long-term psychiatric treatment program. It also contracts with Our Lady of Peace, which replaced the Children's Treatment services in acute psychiatric beds, to care for 52 patients.

In the near future, there will be some new treatment-oriented programs in Kentucky. Two facilities, Buckhorn Children's Home and Spectrum of Columbia, have received their Certificates of Need (CONs) to operate PRTFs for 16 children each. Additionally, Spectrum holds two other CONs for 16-bed PRTFs in Glasgow and Corbin. Seven Counties holds a 16-bed CON, while Christian Church Children's Homes and Cumberland Hall have applied for 8-bed CONs under the new regulations resulting from passage of HB 554 in 1992. Brooklawn has been approved to operate an 8-bed intensive treatment-oriented residential facility on campus and incorporate appropriate out-of-state placements as they are returned. If this program is successful, Brooklawn may propose the development of a second 8-bed cottage for a similar purpose. An RFP has been issued by the Department for a 16-bed psychiatric facility, similar to the VIP program, to be established on a cost basis. Finally, Barnabas Home or Jackson County Ministries has developed a 24-bed treatment facility for moderately emotionally disturbed children, but it has not opened yet, subject to Licensing and Regulation review. These programs offer new beds in treatment facilities, to halt further out-of-state placements, or to provide continued care for children returning to Kentucky.

Of the 36 private facilities responding to a Program Review survey, 16 expressed interest in adding or expanding intensified treatment programs. Many volunteered that they would need better reimbursement from the Department in order to fulfill their plans.

Private Consultant Raises Questions About Out-of-State Placements

The Department contracted with administrators of R.E.A.C.H. of Louisville, Inc., to visit the 25 children at Manatee Palms. During the visit they were to:

- Determine the nature and needs of these children;

- Ascertain whether less restrictive and more local programmatic options could be used; and
- Begin an aftercare plan.

The contractors recommended the utilization of four aftercare alternatives to continued care at this hospital. These alternatives include therapeutic foster care, transition to adult services, less restrictive residential treatment, and supported community living. Probably these could be provided in Kentucky.

Although the contractors stated that the hospital staff seemed to be doing a "creditable job in serving these youngsters," they reported the following nine points as being "troubling."

1. Half of the clients were Kentucky DSS children;
2. The only children in the pre-adolescent unit were Kentucky clients;
3. No clients had been discharged back to Kentucky because of progress; very long-term unspecified treatment stays were the norm;
4. There was no noticeable aftercare planning or coordination of treatment with Kentucky resource people;
5. There were no checks and balances to insure proper discharge planning;
6. The clients had become very isolated; the children felt banished;
7. Some of the Florida placements were due to lack of availability of appropriate Kentucky beds, instead of an actual need for such a restrictive level of care;
8. It was almost impossible for families to visit and participate in therapy; and finally
9. The "extremely expensive" treatment costs could be better used to fund alternatives in Kentucky.

The commissioner stated that when she received this report she and her staff began planning the return of these children immediately.

System Could Benefit by Returning Children to Kentucky

The 1990 Department guidelines refer to placing a child in an out-of-state facility of "comparable cost" if there is no appropriate vacancy within a reasonable distance of a child's home. The Department currently contracts with four out-of-state facilities on Kentucky's northern borders. Program Review staff learned in site visitations that on July 1, 1992, one of these facilities increased its rates by 5% to \$158 for 19 children, and a second increased its daily rate by 53% to \$183 for 2 children. These increases occurred while many in-state facilities received a reduction in the percentage of costs to be reimbursed from 59 percent to 56 percent.

If these children can be appropriately treated within state borders, the financial return to the state would be significant. Fees paid into the private sector would contribute to the state economy, expand state employment and free DSS resources now allotted to out-of-state travel and staff time for monitoring purposes.

Cost Savings Were Realized When Children Were Returned to Kentucky

When children were returned from out-of-state facilities to Kentucky, DSS contracted with private facilities in Kentucky to provide appropriate services for those children, at lower cost in most instances than in out-of-state facilities. Population projections indicate that additional programs/facilities will be needed soon.

Development by DSS of a request for proposal for those additional programs/facilities, to be sent to all private child care providers, could answer the question of whether cost savings could be effected by increasing the use of private providers.

Conclusion

The number of children in out-of-state placements has increased in recent years. At least 96 children were placed out-of-state sometime during the year. In March, DSS responded to its consultant's evaluation of psychiatric placements out-of-state. Some of these children subsequently were placed in Kentucky facilities. New facilities and new units are being developed in Kentucky.

DSS should provide a status report of the children in out-of-state placements and the utilization of new treatment beds in state to the Program

Review and Investigations Committee, so that the Legislature will be aware of progress in this area.

RECOMMENDATION 1

**REPORT RETURN OF CHILDREN TO
KENTUCKY AND UTILIZATION OF
NEW TREATMENT BEDS**

The Cabinet for Human Resources and the Department for Social Services should continue to expedite the appropriate return of children in out-of-state placements to Kentucky. The Cabinet and Department should closely monitor additional and different types of treatment and psychiatric beds in Kentucky to ensure that they are most appropriately utilized. The Cabinet and Department should submit a report to the Program Review and Investigations Committee on July 1, 1993, showing the status of these children and the utilization of these additional beds.

RECOMMENDATION 2

**DEVELOP REQUEST FOR PRO-
POSAL FOR FUTURE NEEDS**

The Cabinet for Human Resources and the Department for Social Services should develop a request for proposal to be sent to all private child-care providers, as future additional facilities and/or programs are required.

CHAPTER IV

REIMBURSEMENT FOR SERVICES

Out-of-home care providers are reimbursed by DSS through two methods. The first method is by agreement for partial reimbursement of costs. The second method is by special contract which provides for 100% reimbursement of costs. The current bi-level reimbursement is less attractive for providers who receive partial reimbursement. A system that provides the same level of reimbursement for services provided by all providers could better meet the needs of children.

One Method of Reimbursement Is Statutory

The method of reimbursement to facilities for allowable costs of child care is given in KRS 199.641:

1. The Department for Social Services (DSS) shall reimburse a facility the allowable cost¹ of a child's care.
2. The rate of reimbursement shall not exceed 75% of the average cost in the most comparable residential facility operated by DSS. The rate shall be based on the actual total facility occupancy for the most recent audited year or 90% of the facility capacity for the audited year, whichever is greater.
3. The Secretary for Human Resources shall, to the extent funds are appropriated, implement the methodology or promulgate administrative regulations to establish the rate of reimbursement, consistent with the level of service provided. If funds are insufficient in any given fiscal year to fully fund the program, rates shall be adjusted by determining the

¹ "Allowable costs" are those costs defined by the Federal Office of Management and Budget Circular A-122, "Cost Principles for Non-profit Organizations." Cost data from the facility's most recent yearly audited financial statement are to be used.

reimbursement schedule and adjusting the ratio of available funds to estimated full cost.

Actual Procedures in Reimbursement Differ From Statutory Provisions

DSS has included an inflation factor to be applied in the calculation of rates, even though the statute does not provide for it. Also, DSS, in an effort to avoid penalizing private agencies in the rate-setting process, applied a "hold harmless" factor to rates before that provision was included in the 1992 Budget Memorandum.

A matching of a private child caring facility to "...the most comparable residential facility operated by DSS..." (KRS 199.641) has not been done by DSS, since appropriations have not allowed for the 75% reimbursement rate for private child care agreements.

Reimbursement Rates Are by Agreement and/or by Contract

Agreements are signed with private child care facilities (PCCs) for per diem rates of reimbursement for care provided for children placed by DSS. This involves obtaining cost reports and audit reports from PCCs, verifying these reports, and calculating rates. Table 4.1 has examples of reimbursement calculations as they would be done for individual PCCs. The 1990 - 1992 rate was approximately 59 percent. Appendix A shows the rates for all PCCs at July 1, 1992.

Agreements are calculated the same way for all PCCs; so they are fair, in that respect.

TABLE 4.1

Example of Calculation

AGENCY	FY 1990 COST SURVEY ALLOWABLE COST	CPI % OF CHANGE FROM 90 TO 92	CPI ADJUSTED ALLOWABLE COST	LICENSED CAPACITY	90% ANNUAL LICENSED CAPACITY	ACTUAL ANNUAL TOTAL DAYS	FULL COST RATE	ESTIMATED CHR/DSS CHILD CARE DAYS ANNUAL	COSTS AT FULL COST RATE	CALCULATED RATE ADJUSTED AT 59%
PCC AGENCY A	171,600	8.00%	185,328	8	2,628	2,555	\$70.52	1,920	135,399	\$41.61
PCC AGENCY B	200,000	8.00%	216,000	10	3,285	2,190	\$65.75	1,752	115,200	\$38.79
PCC AGENCY C	625,000	8.00%	675,000	20	6,570	6,205	\$102.74	3,723	382,500	\$60.62
PCC AGENCY D	75,000	8.00%	81,000	8	2,628	1,825	\$30.82	1,000	30,822	\$18.18
TOTAL									633,921	

NOTE: Budgeted funds for PCC: \$391,713 shown for example only
 Full cost reimbursement \$663,921
 *Percentage of full cost reimbursement \$391,713/\$663,921 = 50%

SOURCE: DSS

In addition to the agreements described above, DSS has contracts with various PCCs that are negotiated and pay 100% of the cost of services for the most difficult children. These are negotiated individually for each child placed.

DSS Proposed Reimbursement to Private Child Care Facilities Based on Levels of Care

In its 1992 budget DSS requested funding for a system of reimbursement that would have classified children in five treatment levels. Reimbursement to PCCs would have been based on the average cost in the system for a particular level of care. A significant increase in staffing to determine levels of care and appropriations for these costs would have been necessary. This resulted in rejection of the request by the Appropriations and Revenue Committee.

DSS said the level of care proposal would encourage cost containment, even though the additional staffing would be significant.

Reimbursement Is Partially Determined by the Needs of Children

In general, children in private placement fall into one of two categories, those with "ordinary" needs and those with "extraordinary" needs. When children with ordinary needs are accepted in private facilities, an agreement provides partial reimbursement of costs. When children with extraordinary needs are accepted in private facilities, a special contract is negotiated which provides for 100% reimbursement of costs.

Private facilities accepting these ordinary placements have received lower rates of reimbursement because the amounts for appropriations and special contracts have varied or increased. These facilities must use contributions and fund raising events to make up the difference between their cost and their DSS reimbursement.

Agreements with partial reimbursements are less attractive to private facilities, which can mean that ordinary services may be less available for those children needing them, as special contracts increase.

RECOMMENDATION 9 (AMENDED) DEVELOP SYSTEM OF REIMBURSEMENT THAT CONSIDERS THE LEVEL OF NEED OF THE CHILD; REQUEST FUNDS TO IMPLEMENT THE SYSTEM

The Cabinet for Human Resources and the Department for Social Services, in consultation with the providers, should develop a reimbursement system for child care services that considers the level of need of the child and provides incentives for the development of effective, high quality

programs, including features for cost-containment and periodic review to determine the adequacy of reimbursement. The Department for Social Services should request the funds necessary to implement such a service.

Funding Ranged from \$12.4 Million to \$23.4 Million

The summary of expenditures for out-of-home child care shows that totals were \$12,434,360 in FY '90, \$15,112,257 in FY '91, and \$23,367,349 in 1992. Expenditures for Foster Care are shown for information only, even though Foster Care was not a part of this review.

TABLE 4.2

Private Out-of-Home Care Expenditures

	FY 90	FY 91	FY 92
	EXPENDITURES		
GROUP HOMES	\$70,378	\$63,544	\$243,100
CHILD CARE	\$2,174,824	\$2,373,794	\$2,686,610
TREATMENT ORIENTED	\$5,660,665	\$7,097,215	\$10,650,786
EMERGENCY /TEMPORARY	\$1,340,207	\$1,630,873	\$2,140,768
ADDITIONAL PAYMENTS	\$229,211	\$300,902	\$599,895
OTHER IN-STATE	\$1,244,541	\$1,395,506	\$1,727,127
OUT-OF-STATE	\$1,714,534	\$2,250,423	\$5,319,063
	\$12,434,360	\$15,112,257	\$23,367,349
FOSTER CARE	\$13,014,100	\$14,553,900	\$17,031,618
TOTAL EXPENDITURES	\$25,448,460	\$29,666,157	\$40,398,967

SOURCE: DSS.

Increases in expenditures from \$5,660,665 to \$10,650,786 from FY '90 to FY '92 are shown for Treatment Oriented services, while out-of-state expenditures increased from \$1,714,534 to \$5,319,063 in the same period.

Overall, expenditures for private child care almost doubled from FY '90 to FY '92, from \$12,434,360 to \$23,367,349 . Payments to each PCC are shown in Table 4.3.

TABLE 4.3			
PRIVATE CHILD CARE PAYMENTS			
FISCAL YEAR 1992			
GROUP HOMES		DSS RECORDS	PCC RECORDS
1	CHANEY HOUSE	\$62,316.37	
2	METRO GROUP HOME, INC.	\$67,145.61	\$79,032.50
3	WEST HOME FOR GIRLS, INC.	\$113,638.46	\$85,028.00
GROUP HOME SUBTOTAL		\$243,100.44	
CHILD CARE			
4	BELLEWOOD PRESBYTERIAN CHILDREN'S HOME	A \$220,631.45	\$243,971.24
5	BRIGHTON CENTER, INC.	B \$329,642.24	\$190,868.40
6	CLEVELAND HOME	\$153,561.75	\$91,282.24
7	FATHER MALONEY'S BOYS' HAVEN	\$189,787.25	
8	GLENDALE, INC. - KY BAPTIST	C \$727,431.14	\$624,843.17
9	HACK ESTEP HOME FOR BOYS	\$55,114.68	
10	HOPE HILL CHILDREN'S HOME	\$15,846.40	
11	MARY KENDALL -- METHODIST HOME	F \$0.00	\$340,554.97
12	PRESBYTERIAN COMMUNITY SERVICES		
13	SPRING MEADOWS -- KY BAPTIST	C \$499,590.79	\$451,616.74
14	ST. JOSEPH CATHOLIC ORPHANS' HOME	\$495,004.11	\$395,503.98
CHILD CARE SUBTOTAL		\$2,686,609.81	
TREATMENT			
15	BAPTIST YOUTH RANCH		\$265,594.66
16	BUCKHORN CHILDREN'S CENTER		
17	CHILDREN'S HOME OF NORTHERN KY/COVINGTON PROTESTANT	\$651,324.16	\$509,671.80
18	CHRISTIAN CHURCH CHILDREN'S CAMPUS	\$983,306.73	
19	CHRISTIAN CHURCH CHILDREN'S CAMPUS GROUP HOME	D \$0.00	
20	DESSIE SCOTT		
21	DIOCESAN CATHOLIC CHILDREN'S HOME	\$424,716.77	\$422,696.00
22	ELIZABETHTOWN TREATMENT PROGRAM - KY BAPTIST	C \$0.00	
23	GERTRUDE RAMEY CHILDREN'S HOME	\$976,329.11	\$891,465.92
24	HOLLY HILL CHILDREN'S HOME	\$469,212.35	\$449,772.52
25	MARYHURST	E \$1,414,613.37	\$1,271,523.24
26	METHODIST HOME OF KY--MARY KENDALL HOME	F \$1,341,121.25	\$949,318.64
27	PRESBYTERIAN CHILD WELFARE AGENCY	G \$4,390,162.08	\$4,390,162.77
TREATMENT ORIENTED SUBTOTAL		\$10,650,785.82	
EMERGENCY/TEMPORARY			
28	BELLEWOOD CENTER	A \$49,136.84	\$46,150.53
29	COLLEGE - KY BAPTIST		\$9,372.08
30	DIXON TEMPORARY SHELTER -- KY BAPTIST	C \$0.00	\$103,529.16
31	FLORENCE CRITTENTON HOME & SERVICES OF LEXINGTON	\$22,188.80	\$22,188.80
32	GATEWAY JUVENILE DIVERSION PROJECT, INC. GROUP HOME	\$17,736.56	\$18,295.20
33	HOLLON HOUSE	\$73,802.80	\$72,215.00
34	HOME OF THE INNOCENTS	\$789,045.02	
35	HOMEWARD BOUND -- BRIGHTON CENTER	B \$0.00	\$137,767.80
36	JACKSON COUNTY MINISTRIES (BARNABAS)	\$71,589.99	\$43,792.43
37	KY BAPTIST HOMES FOR CHILDREN	C \$494,255.31	
38	LEXINGTON-FAYETTE URBAN GOVERNMENT--COLEMAN HOUSE	\$58,228.50	\$14,017.50
39	MAPLEWOOD CHILDREN'S HOME, INC.	\$279,548.77	\$211,877.97
40	MARY KENDALL/METHODIST HOME	F	
41	METRO ALTERNATIVE SHELTER HOUSE	\$118,747.97	\$112,725.00
42	MOREHEAD TEMPORARY SHELTER--KY BAPTIST	C \$0.00	\$87,099.73
43	OPERATION HOPE, INC.	\$34,690.17	\$34,690.17
44	YMCA SHELTER	\$131,797.03	
EMERGENCY/TEMPORARY SUBTOTAL		\$2,140,767.76	

TABLE 4.3		
PRIVATE CHILD CARE PAYMENTS		
FISCAL YEAR 1992		
GROUP HOMES	DSS RECORDS	PCC RECORDS
ADDITIONAL PAYMENTS/INCIDENTALS		
45 CLOTHING	\$69,797.43	
46 DIRECT SUPPLIES	\$25,029.22	
47 HOSPITALIZATION	\$46,600.03	
48 MEDICAL-DENTAL	\$422,422.28	
49 OTHER	\$13,276.81	
50 PATIENT TRANSPORTATION	\$22,769.56	
ADDITIONAL PAYMENTS/INCIDENTALS SUBTOTAL	\$599,895.33	
OTHER IN-STATE		
51 BROOKLAWN, INC.	\$159,973.00	\$131,400.00
52 LAKE CUMBERLAND MH/MR BOARD, INC./ADANTA	\$1,540,471.68	
53 R.E.A.C.H. OF LOUISVILLE, INC.	\$26,682.30	\$0.00
OTHER IN-STATE SUBTOTAL	\$1,727,126.98	
OUT-OF-STATE		
54 CHILDREN'S HOME OF CINCINNATI	\$72,960.00	\$126,720.00
55 CIRCLE C GROUP HOME	\$0.00	
56 COPPER CARE	\$3,080.00	\$3,080.00
57 CPC PALM BAY HOSPITAL	\$808,246.95	
58 DELAWARE VALLEY MENTAL HEALTH FOUNDATION	\$95,157.88	
59 DEVERAUX FOUNDATION	\$64,002.16	\$97,810.82
60 GIBALT	\$112,823.34	
61 HOLY FAMILY INSTITUTE	\$53,318.33	
62 KALEIDOSCOPE INC.		\$11,210.48
63 LUTHERAN FAMILY SERVICES OF VIRGINIA	\$27,852.41	
64 MANATEE PALMS	\$2,575,601.02	
65 OHIO CENTER FOR YOUTH & DEVELOPMENT	\$1,176,313.20	\$1,093,300.40
66 PINEY RIDGE CENTER, INC.	\$129,000.00	
67 ROSEMONT CENTER	\$10,616.38	
68 ST. JOSEPH ORPHANAGE	\$47,754.95	
69 THE VILLAGES OF INDIANA, INC.	\$37,614.50	
70 UNITED METHODIST HOME	\$46,610.76	\$51,703.00
71 WILEY HOUSE	\$58,110.75	
72 (THE) SHEPPARD & ENOCH PRATT HOSPITAL	\$0.00	\$0.00
OUT-OF-STATE SUBTOTAL	\$5,319,062.63	
GRAND TOTAL	\$23,367,348.77	
A. Available data does not clearly distinguish between Bellewood Home and Bellewood Center. B. Available data does not clearly distinguish between Brighton Center and Homeward Bound. C. Available data does not clearly distinguish between the parent agency, KY Baptist Homes, and affiliates, which include Spring Meadows, Glendale, Baptist Youth Ranch (Elizabethtown Treatment Center) and emergency shelters. D. Available data does not clearly distinguish Christian Church campus and group home. E. Includes payments for S.E.D. F. Available data does not clearly distinguish between Methodist Home (treatment oriented) and Mary Kendall home (child care and emergency shelter). G. Available data does not clearly distinguish between payments to Buckhorn and Dessie Scott. (S.E.D. and Multi-problem)		

Sources of funds for private child care were Federal, Agency, and the General Fund, shown in Table 4.4.

TABLE 4.4

**Private Out-of-Home Care
Fund Sources**

	FY 90	FY 91	FY 92
FEDERAL			
IV-B	\$1,052,100	\$1,052,100	\$1,052,100
IV-E	\$7,645,700	\$9,235,600	\$12,116,700
TOTAL FEDERAL FUNDS	\$8,697,800	\$10,287,700	\$13,168,800
AGENCY			
FOSTER CARE	\$1,958,300	\$1,318,300	\$1,827,600
NON-LAPSE	\$1,250,000		
TOTAL AGENCY FUNDS	\$3,208,300	\$1,318,300	\$1,827,600
GENERAL	\$13,542,400	\$18,060,200	\$25,402,600
TOTAL FUNDS	\$25,448,500	\$29,666,200	\$40,399,000

SOURCE: DSS

General Funds almost doubled from FY '90 to FY '92, from \$13,542,400 to \$25,402,600; federal funds increased 1½ times, from \$8,697,800 to \$13,168,800.

CHAPTER V

COMPARISON OF PUBLIC AND PRIVATE FACILITIES

Public and private expenditures were compared, using selected facilities. Selected personnel-related expenditures show that fringe benefits for public employees are higher. Salaries paid to directors are higher in private facilities, but salaries paid to child workers in private facilities are lower than in public facilities. Indirect costs in public facilities are large. Outcome measures are not available in public or private facilities

Four Private and Five Public Facilities Were Selected for Comparison

Comparing private and public agencies would be simple if the same services were provided in identical facilities. Since they are not, staff asked DSS to select state-operated facilities and private facilities for comparison. Staff then asked the Kentucky Association of Homes for Children for comment. The Association expressed no exception to the choices, so comparisons were made of these facilities:

PRIVATE

Gertrude Ramey Home
Buckhorn
Dessie Scott
Maryhurst

PUBLIC

Owensboro Treatment Center
Woodsbend Boys Camp
Morehead Treatment Center
Mayfield Treatment Center
Northern Kentucky Treatment Center

It was determined quickly that, while there were similarities, there were many differences among these facilities.

Public and Private Facilities Have Many Differences

Despite similarities between public and private facilities, several differences must be noted. Public agencies must take all referrals by the court, and then may place children in PCC or public facilities. Private agencies may refuse referrals by DSS, if they do not have space, or do not offer the appropriate services. Public agencies operate correctional type facilities for

children who are public offenders, while there are no such private facilities. Public agencies are staffed by state employees, with selection of personnel and constraints as mandated by state personnel policies, while private agencies have personnel policies with more adaptability for operations. Public agencies have all expenditures paid by DSS from appropriations, while private agencies have reimbursement of expenditures on a partial basis by DSS. Many private agencies have affiliations with religious or community organizations, while public agencies do not. Public agencies are certified, but are not required to be licensed, while private agencies are both certified and licensed. (See Overview Chapter.)

Public agencies have indirect/allocated costs of government, which are discussed later.

Children's Residential Services Account for More Than Half of Expenditures

The expenditures for child care by DSS Children's Residential Services are summarized for FY '92 by type of service in Table 5.1. Over half (\$19.8 million) of the \$37.4 million total was for Children's Residential Services.

TABLE 5.1

Department for Social Services Children's Residential Services Summary of Expenditures FY '92

Day Treatment	\$4,017,628
Group Homes	5,660,879
Residential Services	19,813,396
Clinical Services	4,887,274
Director's Office	721,650
Assessments and Placement	764,879
Program Development and Training	864,419
Education Branch	605,086
Other Program Support	84,738
Total	\$37,419,949

Detailed expenditures for FY '90, FY '91 and FY '92 are given in Appendix B.

SOURCE: Information provided by DSS.

Sources of funds for expenditures are in Table 5.2.

TABLE 5.2

**Department for Social Services
Children's Residential Services
Source of Funds**

FEDERAL FUND	FY 1990	FY 1991	FY 1992
SS BLOCK GRANT	\$12,472,900	\$12,869,100	\$13,751,800
IV - E	\$197,900	\$628,200	\$464,800
SCHOOL LUNCH	\$441,000	\$425,000	\$509,000
CHAPTER I	\$499,400	\$451,900	\$689,400
ADULT EDUCATION	\$38,000		\$49,500
SUBSTANCE ABUSE			\$41,800
AIDS EDUCATION			\$1,100
FEDERAL TOTAL	\$13,649,200	\$14,374,200	\$15,507,400
AGENCY FUND			
JTPA	\$6,500	\$57,900	\$10,900
MISCELLANEOUS & CARRY FORWARD	\$155,800		
NON-LAPSE	\$2,060,700	\$40,800	\$300
CTS (XIX)	\$514,200		
MEAL RECEIPTS			\$9,400
AGENCY TOTAL	\$2,737,200	\$98,700	\$20,600
GENERAL FUND	\$15,168,700	\$20,187,800	\$21,891,900
TOTAL FUNDS	\$31,555,100	\$34,660,700	\$37,419,900

SOURCE: Information provided by DSS.

**Funding for Private Facilities is About One-Third Less Than
Public Facilities**

Expenditures for private facilities child care services are the payments given in Chapter IV, Table 4.3.

In FY '92, \$37,419,949 was spent for public operated facilities and contract services, while \$23,367,349 was spent for private child care services.

Sources of funds for private care are shown in Chapter IV, Table 4.4.

Salaries and Fringe Benefits in Public and Private Facilities Vary

Comparison of the cost of fringe benefits, director/superintendent salaries and JTA/child worker salaries are given for public and private facilities.

TABLE 5.3

**Comparison of Certain Costs
in Selected Facilities**

Fringe Benefits Annually					
State Agency	\$3,399	\$3,301	\$3,382	\$3,355	\$3,051
Private Agency	\$2,238	\$2,238	\$2,238	\$2,580	\$2,100
Director/Superintendent Annual Salary					
State Agency	\$37,584	\$38,136	\$38,136	\$37,944	\$37,992
Private Agency	\$44,008	\$36,606	\$47,096	\$42,460	\$47,250
JTA/Child Worker					
State Agency	\$18,200	\$20,854	\$18,997	\$16,826	\$18,562
Private Agency	\$14,750	0	\$12,725	\$12,500	\$13,377

SOURCE: Information provided by DSS.

The amount for state facilities was taken from the DSS payroll. Amounts for private agencies were extracted from replies to the Program Review and Investigations survey. Some are actual figures and some are estimated.

Fringe benefits in the five state facilities ranged from \$3,051-\$3,399 per employee. The range was \$2,100-\$2,580 per employee in private agencies.

Director/Superintendent salaries in public facilities ranged from \$37,584 to \$37,992, and from \$36,606 to \$47,250 in private agencies. These are actual salaries given in survey replies.

Salaries for JTA/child workers ranged from \$16,826 to \$20,854 in public agencies and \$12,500 to \$14,750 in private agencies. These are average salaries calculated from survey replies. A complete listing of salaries and fringe benefits is shown in Tables 5.4 and 5.5.

Fringe benefits for state facility employees were about one-third higher than for PCC employees. Salaries for superintendents in public facilities were about \$2,000 to \$7,000 less than for directors in PCCs. Salaries for JTA/child worker employees in public facilities were about \$3,000 to \$7,000 higher than those in PCCs.

Costs Per Service Day Are Similar in Public and Private Facilities

A comparison of costs per service day in the selected public and private facilities is in Table 5.6.

TABLE 5.4
Selected State Facilities Personnel Salaries and Fringe Benefits
Fiscal Year 1992

CODE	JOB TITLE	OWENSBORO			WOODSBEND			MOREHEAD			MAYFIELD			NORTHERN		
		# OF EMPLOY.	SALARY	FRINGE BENE.	# OF EMPLOY.	SALARY	FRINGE BENE.	# OF EMPLOY.	SALARY	FRINGE BENE.	# OF EMPLOY.	SALARY	FRINGE BENE.	# OF EMPLOY.	SALARY	FRINGE BENE.
1024	MAINTENANCE							1	\$2,280	\$306	1	\$1,498	\$250			
1026	MAINTENANCE														\$1,692	\$263
1028	MAINT SUPV							1	\$2,492	\$313						
1111	CARPENTER							1	\$1,672	\$255						
1134	MECH MAIN															
1136	MECH MAIN SR	1	\$1,546	\$265	1	\$1,184	\$238							1	\$1,772	\$274
1138	MECH MAIN PR															
1149	ELECTRICIAN															
1308	COOK	2	\$1,886	\$443	2	\$1,788	\$435	1	\$1,878	\$271	1	\$1,544	\$254			
1310	COOK SR	1	\$1,184	\$239	2	\$2,626	\$488	2	\$3,022	\$801	3	\$4,002	\$751		\$4,020	\$849
1320	FOOD PREP	1	\$1,636	\$272	1	\$2,626	\$488	1	\$1,720	\$278	1	\$1,632	\$272		\$1,606	\$261
1322	FOOD MGR															
4132	INT REC				1	\$2,120	\$308									
4321	NURSE							1	\$1,642	\$273	1	\$1,692	\$276			
4327	NURSE	1	\$2,567	\$343	1	\$2,598	\$344	1	\$2,618	\$326	1	\$2,588	\$328		\$3,278	\$369
4405	CER/PSY							1	\$2,572	\$340						
5109	IND TEACHER															
5147	REHAB INST.														\$1,892	\$266
6202	JTA	2	\$2,163	\$463										1	\$2,114	\$300
6207	JTA	17	\$26,083	\$4,477	15	\$24,446	\$4,024	16	\$23,752	\$4,129	3	\$3,748	\$720	3	\$3,560	\$686
6209	JTA PR	3	\$5,157	\$837	5	\$10,312	\$1,497	5	\$9,524	\$1,454	12	\$19,004	\$3,208	18	\$26,254	\$4,214
6247	JUV COUNS							2	\$2,684	\$249	2	\$5,852	\$723	7	\$13,498	\$1,842
6249	JUV COUNS SR	2	\$3,693	\$565	3	\$5,224	\$830	1	\$2,180	\$283	2	\$2,456	\$560	2	\$3,452	\$521
6251	JUV COUNS SUPV	4	\$10,500	\$1,385	2	\$5,172	\$537	3	\$7,462	\$1,001	3	\$6,574	\$942	5	\$11,770	\$1,561
6252	RES SUPT.	1	\$3,132	\$385	1	\$3,178	\$385	1	\$3,178	\$379	1	\$3,162	\$386	1	\$3,166	\$377
6288	CHAPLAIN													1	\$1,992	\$290
9035	SECRETARY	1	\$1,400	\$256	2	\$2,660	\$499				1	\$1,442	\$259	1	\$2,170	\$300
9036	ADM. SECR.	1	\$1,510	\$264	1	\$1,838	\$288	1	\$1,722	\$279	1	\$1,688	\$276	1	\$1,982	\$274
9107	ACCT.				1	\$1,034	\$227							1	\$1,484	\$282
9108	ACCT SR															
9121	FISC OFF	1	\$2,835	\$569	1	\$2,690	\$337	1	\$2,536	\$326	1	\$1,584	\$289	1	\$2,288	\$312
9608	ADM. ASST. ASST.													1	\$1,796	\$271
9609	OFFICE CR							1	\$1,938	\$296						
9612	ADM SPEC	2	\$3,577	\$569												
9613	ADM SPEC															
9972	MED SPEC													1	\$2,978	\$223
														1	\$392	\$15
TOTAL MONTH		40	\$68,870	\$11,330	40	\$70,466	\$11,005	42	\$76,423	\$11,837	35	\$61,645	\$9,787	54	\$93,096	\$13,731
12 MONTHS			\$826,445	\$135,962		\$845,589	\$132,064		\$917,081	\$142,044		\$739,744	\$117,443		\$1,117,148	\$164,771
GRAND TOTAL		\$962,408			\$977,653			\$1,059,125			\$857,187			\$1,281,919		

SOURCE: DSS Figures have been rounded

TABLE 5.5
Selected Private Facilities Personnel Salaries and Fringe Benefits
Fiscal Year 1992

EMPLOYEE JOB TITLE	SALARY	NO. OF EMPLOYEES	SALARY	NO. OF EMPLOYEES	SALARY	NO. OF EMPLOYEES	SALARY	NO. OF EMPLOYEES	SALARY	NO. OF EMPLOYEES
ACTIVITIES COORDINATOR									\$15,450	1
ADMIN. SOCIAL WORKER									\$18,000	1
ADMINISTRATIVE ASSIST.									\$19,200	1
ASSOCIATE CAMPUS DIRECTOR			\$15,974	1						
BEHAVIORAL SPECIALIST									\$106,704	7
BUSINESS OFFICE							\$41,500	2		
CAMPUS DIRECTOR	\$44,008	1*			\$47,096	1*				
CLINICAL SECRETARY									\$17,200	1
CLINICAL SOCIAL WORKER									\$102,300	4
COMMUNITY PROG. SEC. P/T									\$6,656	1
COMMUNITY PROG. SOC WKR F/T									\$69,000	4
COMMUNITY PROG. SOC WKR P/T									\$2,500	1
COMPUTER SPECIALIST									\$17,285	1
COOK	\$28,017	3			\$28,017	3	\$23,400	2		
COORDINATOR							\$41,750	2		
COUNSELOR							\$52,500	3		
CRAFTS INSTRUCTOR	\$13,790	1			\$10,816	1				
CUSTODIAN									\$11,960	1
DEVELOPMENT ASSIST.									\$33,140	2
DIR. FUND DEVELOPMENT									\$30,000	1
DIR. ACCOUNTING/FIN									\$39,000	1
DIR. CLINICAL SERVICES									\$40,040	1
DIR. COMMUNITY PROGRAMS									\$28,000	1
DIR. EDUCATION							\$28,750	1		
DIR. PRESBYTERIAN COMM. SERVICES			\$36,606	1						
DIR. RESIDENTIAL SERVICES									\$30,870	1
DIRECTOR							\$42,460	1	\$47,250	1
DORM SUPERV/ASST SUP									\$59,533	3
EDUC. ASSISTANT							\$14,950	1		
EDUCATIONAL COORDINATOR			\$25,480	1						
FOOD SERVICE AIDE P/T									\$15,372	2
FOOD SERVICE SUP									\$16,300	1
FOSTER CARE SPECIALIST			\$23,587	1						
FOSTER CARE THERAPIST			\$25,480	1						
FOSTER FAMILY WORKERS			\$63,270	6						
GED TEACHER P/T										
GROUP HOME MANAGER			\$34,861	1					\$5,000	1
GROUP HOME THERAPIST			\$19,406	1						
HR MANAGER									\$20,000	1
INDEPENDENT LIVING CASE MANAGER			\$39,250	2						
INDEPENDENT LIVING COUNSELOR			\$88,422	6						
INDEPENDENT LIVING SKILLS INSTR.	\$19,614	2	\$23,565	1*	\$12,218	1				
INDEPENDENT LIVING TEAM LEADER			\$28,683	1						
INVENTORY CLERK	\$9,797	1			\$10,296	1				
JANITOR	\$9,339	1			\$9,339	1				
JC SUPERVISOR							\$28,750	1		
JTA							\$87,500	7		
LIBRARIAN P/T									\$10,200	1
LIVE-IN CHILD CARE WORKER	\$265,500	18			\$229,050	18				
MAINTENANCE SUPV/BUS MANAGER	\$30,812	1*	\$30,812	1*						
MAINTENANCE	\$48,436	4			\$24,960	2	\$12,250	1		
MAINTENANCE P/T									\$26,250	1
MAINTENANCE SUPERVISOR										
MAINTENANCE WORKER									\$24,850	1
MANAGEMENT SPECIALIST									\$23,000	1
MEDICAL SERVICE COORD										
MEDICAL SPECIALIST										
NIGHT CHILD CARE WORKER	\$38,272	4			\$37,356	4				
NIGHT CHILD CARE WORKER (GP HM)			\$28,017	3						
NURSE	\$27,264	1*			\$31,840	1*				
PRE-INDEPENDENT LIVING SUPV.	\$24,206	1*			\$28,884	2				
PSYCHOLOGIST										
RECEPTIONIST									\$14,970	2
RECEPTIONIST & CLERICAL	\$42,264	3	\$29,550	2						
RECREATION							\$14,950	1		
RECREATION DIRECTOR	\$19,380	1			\$19,408	1				
REHABILITATION										
RESIDENTIAL BEHAVIORAL SPEC. F/T									\$214,032	16
RESIDENTIAL BEHAVIORAL SPEC. P/T									\$63,440	10
RESIDENTIAL TREATMENT DIRECTOR	\$33,483	1*								
SAFE PHYSICAL										
SCHOOL AA									\$15,834	1
SCHOOL AIDE									\$11,960	1
SCHOOL SOCIAL WORKER									\$27,000	1
SECRETARY							\$11,500	1		
SEXUAL OFFENDER										
SHIFT CHILD CARE WORKER	\$102,080	10			\$117,564	12				
SHIFT CHILD CARE WORKER (GP HM)			\$74,508	6						
SPECIAL ED COORDINATOR									\$28,000	1
SUPERVISORS							\$29,800	2		
TEACHER									\$138,500	6
TEACHERS AIDE	\$21,750	2			\$19,594	2				
THERAPIST/TEAM LEADER	\$61,791	3			\$99,250	5				
TRAINER/SUPPORT PERSON	\$45,734	2			\$29,652	2				
TRANSITIONAL LIVING INSTRUCTOR			\$33,072	2						
TRANSITIONAL LIVING TEAM LEADER			\$25,938	1						
TREATMENT SPECIALIST										
TUTOR									\$15,500	1
VOLUNTEER COORDINATOR									\$12,000	1
TOTALS	\$885,537	55	\$646,481	36	\$755,350	55	\$430,060	25	\$1,376,296	83
FRINGE BENEFIT FORMULA	55 X 2,238		36 X 2,238		55 X 2,238		15% of total salary		83 X 2,100	
TOTAL FRINGE BENEFITS	\$123,090		\$80,568		\$123,090		\$64,509		\$174,300	
TOTAL SALARIES & BENEFITS	\$1,008,627		\$727,049		\$878,440		\$494,569		\$1,550,596	

*indicates \$4,800 for housing allowance.

NOTE: Names of facilities not given, since salary information is confidential

SOURCE: PCCs survey

TABLE 5.6

**Selected State Facilities
Fiscal Year 1992**

	TOTAL DIRECT EXPENDITURES (1)	TOTAL DIRECT AND INDIRECT (1)	SERVICE DAYS	COST/DAY DIRECT EXPENDITURES	COST/DAY TOTAL DIRECT AND INDIRECT
Owensboro	\$1,380,919	\$1,696,438	11,971	\$115	\$142
Woodsbend	1,465,503	1,789,595	14,640	99	122
Morehead	1,485,495	1,832,892	11,366	131	161
Mayfield	1,200,914	1,487,006	10,264	117	145
Northern	1,805,392	2,226,357	14,076	128	158

1. See Table 5.7

**Selected Private Facilities
Fiscal Year 1992**

	Amount Paid	Service Days	Cost/Day
Gertrude Ramey	\$976,329	9,956	\$98
Maryhurst	1,414,613	7,165	197
Presbyterian Child Welfare Agency	4,390,162	23,112	190
(*)			

SOURCE: Information provided by DSS.

*DSS could not give separate payment amounts for Buckhorn and Dessie Scott and Presbyterian Community Services

The number of service days at each public facility was divided into "Total Direct Expenditures" and "Total Direct and Indirect Expenditures," to obtain a cost per service day. It should be noted that this does not show the cost per service, but is a cost per service day.

Costs ranged from \$99 to \$161 per service day in public facilities, depending upon whether considering only direct or direct plus indirect costs. In private facilities, costs ranged from \$98 to \$190 per service day. In private agencies, there are many rates for service days, depending upon agreements and contracts for special services, so the same caution applies as to public facilities.

These costs per service day are only indicators, since costs for each service in each facility, public and private, were not available.

Costs for selected state facilities are shown in Table 5.7.

An Allocation of Indirect Costs Is Done in State Government

The Statewide Cost Allocation Plan (SWCAP) is an allocation of the centralized cost of government. One type of cost involves agencies providing a central service, but not charging for it. Examples are the Division of Accounts, Governor's Office for Policy and Management, and the Department for Personnel. Another type of cost involves agencies providing services for a fee, such as the motorpool, telecommunications and the Department for Facilities Management.

Costs are broken down into personnel, other costs, and equipment. Federal Department for Health and Human Services circulars are used by the Kentucky Department for Finance to determine allowable/unallowable costs, and an allocation basis is determined as allowed in the circulars. For state indirect costs, the treasury allocation is based on the number of checks produced for each agency, the Division of Accounts on the number of transactions, etc. Allowable costs resulting from this process are charged to each agency, which will incorporate that amount into the agency cost plan for reimbursement from the appropriate federal agency.

In state government, indirect costs are allocated in tiers. Those costs attributable to state government functions are allocated to a cabinet, which then allocates the cost to departments within the cabinet. Departments allocate costs to divisions, then divisions to branches. It should be noted that the indirect costs here are

TABLE 5.7

**Selected State Facilities
Direct Expenditures and Indirect Costs
Fiscal Year 1992**

	INDIRECT COST PERCENTAGE(*)	OPERATING EXPENDITURES	PERSONAL SERVICE CONTRACTS	PROGRAM ADMINISTRATION CONTRACTS	TOTAL DIRECT EXPENDITURES	RESIDENTIAL BRANCH OFFICE (**)	COUNTIES BRANCH OFFICE (**)	DSS AND CHR INDIRECT COSTS (**)	DIVISION INDIRECT COSTS (**)	TOTAL INDIRECT COSTS	TOTAL DIRECT AND INDIRECT COSTS
Owensboro	7.72	\$1,282,953	\$0	\$97,966	\$1,380,919	\$12,816	\$42,485	\$128,155	\$132,063	\$315,519	\$1,696,438
Woodsbend	8.15	1,354,282	4,731	97,490	1,456,503	13,530	44,851	135,293	139,418	333,092	1,789,595
Morehead	8.50	1,416,982	1,700	66,813	1,485,495	14,111	46,777	141,103	145,406	347,397	1,832,892
Mayfield	7.00	1,164,648	2,418	33,848	1,200,914	11,621	38,522	116,203	119,746	286,092	1,487,006
Northern	10.30	1,709,273	57,789	38,330	1,805,392	17,100	56,683	170,984	176,198	420,965	2,226,357
TOTAL		\$6,928,138	\$66,638	\$334,447	\$7,329,223	\$69,176	\$229,318	\$691,738	\$712,831	\$1,703,065	\$9,032,288

SOURCE: DSS

* Indirect cost percentage = Facility Operating Expenditures Total Residential Branch Operating Expenditures

** The Facility percentage was applied to the total.

*** Residential Branch was 60% of total operating expenditures. The facility percentage was applied to that total.

only those that apply to children's residential services, contracted services and private child care providers. The other divisions, branches, etc. of DSS also have an allocation of indirect cost.

A discussion of the allocation of indirect costs as it affects CRS and PCCs follows.

Indirect Costs Are About 20 Percent

DSS Children's Residential Services (CRS) had total expenditures of \$31,555,097 in 1990, \$34,660,744 in 1991, and \$37,419,949 in 1992. Indirect costs were \$6,236,429, \$7,133,116, and \$7,442,137 (Appendix C) in those years, while direct costs were \$25,318,668, \$27,527,628, and \$29,977,812 (Table 5.8A).

DSS, using the number of beds/slots, allocated indirect cost in those fiscal years for DSS, as \$4,650,660, \$5,320,738, and \$5,408,098 (Table 5.8B and Appendix D). For contracted services, the allocation was \$1,585,769, \$1,812,378, and \$2,034,039 (Table 5.8B and Appendix E).

TABLE 5.8A

Department for Social Services Children's Residential Services Direct and Indirect Costs

	FY 90	FY 91	FY 92
EXPENDITURES	\$31,555,047	\$34,660,744	\$37,419,949
INDIRECT COST	<u>-\$6,236,429</u>	<u>-\$7,133,116</u>	<u>-\$7,442,137</u>
DIRECT COST	\$25,318,668	\$27,527,628	\$29,977,812

TABLE 5.8B

Indirect Cost Allocation

	FY 90	FY 91	FY 92
DSS	\$4,650,660	\$5,320,738	\$5,408,098
CONTRACTED SERVICES	\$1,585,769	\$1,812,378	\$2,034,039
	\$6,236,429	\$7,133,116	\$7,442,137

SOURCE: Information provided by DSS.

A percentage based on beds/slots was applied to expenditures to yield the amount for the contract services indirect cost and the state indirect cost. In Residential Services, indirect costs are the Branch Manager's Office, Contract

Branch, Staff Training and ECE Indirect. ("ECE" is the allocation of indirect cost from DSS and CHR, Appendix F.)

Details of indirect cost allocation are shown in Appendices A-2 - 5.

Indirect Costs Applied to PCC Services Are Over \$10.00/Day

An additional indirect cost is that related to PCC services. Amounts charged to specific time codes for PCC services by DSS employees are given in Table 5.9 below.

TABLE 5.9
Private Child Care-Staff Time & Operating Costs

	Salary	Operating	Grants/Benefits	Capital	TOTAL
FY 90	\$455,775.85	\$73,964.61	\$102.85	\$1,783.18	\$531,626.59
FY 91	438,507.42	72,253.92	-0-	-0-	10,761.34
FY 92	505,956.63	79,803.68	-0-	-0-	585,759.31

Note: The cost data above represents the amounts charged to specific time codes by DSS Employees. It is DSS position that like many areas of time coding that this seriously understates the actual cost of staff time spent on issues related to children in private child care.

Source: Information provided by DSS.

DSS, because of concerns that the coding seriously understated the actual cost of staff time spent on issues related to children in private child care, reviewed the 1992 Random Moment Time Study data and determined that approximately \$2 million annually is allocable as Title IV-E eligible cost related to children in private child care. Allocation of this amount would be:

$$\frac{\$2,000,000}{194,930 \text{ service days}} = \$10.26/\text{service day}$$

The number of service days for a PCC would be multiplied by \$10.26 to obtain the allocated cost.

Outcome Measures for Services Rendered Are Not Available

On July 1, 1992, DSS began a pilot project of outcome measures in public facilities. The data will not be available until January 1993.

The Commissioner has discussed implementing a program effectiveness review (which is another term for outcome measures) in PCCs, but this has not begun. Three PCCs indicated in reply to our survey that some attempt at measuring outcomes is in progress, but results are not available at this time.

The question of whether a public or private facility provides out-of-home care more effectively could be better answered if outcome measures were available.

Conclusion

Allocated/indirect costs increase the cost in public facilities by \$23-\$30 per service day. Allocated/indirect costs from DSS to PCCs are estimated to be \$10.26 per service day.

Information regarding the cost of each service in public agencies is not available for proper comparison with the cost of each service in private agencies and vice versa.

Results from outcome measures are not available from public or private agencies at this time.

The information available is insufficient to determine whether public or private agencies can provide out-of-home care more effectively, or whether one can provide it at less expense than the other.

RECOMMENDATION 4

OUTCOME MEASURES SHOULD BE DEVELOPED

The Cabinet for Human Resources and the Department for Social Services should develop outcome measures for assessing DSS children in private child-care facilities. Consideration should be given to using the same method of outcome measuring in public facilities with children placed by the Department for Social Services and private facilities. The Cabinet for Human Resources and the Department for Social Services should report on the development of these outcome measures to the Program Review and Investigations Committee by July 1993.

CHAPTER VI

EDUCATION-RELATED PROBLEMS IN PRIVATE AND PUBLIC FACILITIES

Private facilities incur expenditures for the education of children who have been placed by DSS. Education-related costs should be paid through local school districts.

PCCs Pay Almost Half of Education-Related Expenditures

Replies to a Program Review and Investigations survey were received from thirty-nine private child care facilities (PCCs), with nineteen reporting education-related expenditures and/or unreimbursed education expenditures (Table 6.1). PCCs report costs, such as teachers salaries, on the DSS cost report and are reimbursed, currently, at 56% of cost. The amount less than 100% reimbursement, 44%, is a cost which the PCC must absorb.

Private facilities incur these expenditures in an effort to provide programs because of what they perceive is inadequate response by local school boards to the children's education needs.

TABLE 6.1

**Survey Responses
Education-Related Information**

FACILITY	EDUCATION-RELATED EXPENDITURE INCLUDED IN COST REPORT				UNREIMBURSED EDUCATION EXPENDITURES			
	FY 1990	FY 1991	FY 1992		FY 1990	FY 1991	FY 1992	
BELLEWOOD	3,890	5,939	4,031		916	771	691	
BOYS HAVEN	9,804	NA/NG	47,500	(E)	6,152	NA/NG	19,995	(E)
BRIGHTON	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
BROOKLAWN	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
CHANEY GROUP HOME	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
CHARTER HOSPITAL PADUCAH	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
CHILDREN'S HOME OF CINCINNATI	(A)	(A)	(A)		NA/NG	NA/NG	NA/NG	
CHILDREN'S HOME NORTHERN KENTUCKY	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
CHRISTIAN CHURCH CHILDREN'S/CAMPUS	48,575	51,935	INCOMP		NA/NG	NA/NG	NA/NG	
CHRISTIAN CHURCH CHILDREN'S/GROUP HOME	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
CLEVELAND HOME	2,835	1,735	1,400		NA/NG	NA/NG	NA/NG	
DIOCESAN CATHOLIC CHILDREN'S HOME	NA/NG	NA/NG	132,239		NA/NG	NA/NG	NA/NG	
GATEWAY JUVENILE DIVERSION	150	3,398	4,190		150	3,398	41,980	
GERTRUDE RAMEY HOME	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
HOLLON HOUSE	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
HOLLY HILL CHILDREN'S HOME	23,349	24,158	23,164	(E)	21,579	22,331	22,327	(E)
HOME OF THE INNOCENTS	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
HOPE HILL CHILDREN'S HOME	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
KENTUCKY BAPTIST HOMES/DIXON	NA/NG	804	805	(E)	NA/NG	NA/NG	NA/NG	
KENTUCKY BAPTIST HOMES/GLENDALE	1,121	7,215	7,300	(E)	NA/NG	NA/NG	NA/NG	
KENTUCKY BAPTIST HOMES/MOREHEAD	NA/NG	683	683	(E)	NA/NG	NA/NG	NA/NG	
KENTUCKY BAPTIST HOMES/SERVICE	756	NA/NG			NA/NG	NA/NG	NA/NG	
KENTUCKY BAPTIST HOMES/SPRING MEADOWS	1,950	6,289	6,000	(E)	NA/NG	NA/NG	NA/NG	
KENTUCKY BAPTIST HOMES/YOUTH RANCH	NA/NG	29,644	31,640	(E)	NA/NG	NA/NG	NA/NG	
M.A.S.H. DROP INN	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
MANATEE PALMS FLORIDA	(A)	(A)	(A)		NA/NG	NA/NG	NA/NG	
MARYHURST	361,543	387,440	NA/NG		NA/NG	NA/NG	NA/NG	
METHODIST HOME/M. KENDELL	72,127	76,949	88,000	(E)	40,609	43,988	49,000	(E)
METRO GROUP HOME	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
PRES CHILD WELFARE AGENCY/BUCKHORN	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	3,871	
PRES CHILD WELFARE AGENCY/COMM SERVICE	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	8,034	
PRES CHILD WELFARE AGENCY/DESSIE SCOTT	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	3,527	
ST. JOSEPH	96,978	157,402	192,899		NA/NG	NA/NG	NA/NG	
UNITED METHODIST YOUTH HOME INDIANA	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
WEST HOME FOR GIRLS	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
WEST KENTUCKY CHILDREN'S HOME	NA/NG	NA/NG	NA/NG		NA/NG	NA/NG	NA/NG	
YMCA SHELTER HOUSE	NA/NG	10,000	15,000		NA/NG	10,000	15,000	

(A) Cost included in contract

(E) Estimated

NA/NG - Not Available/Not Given

SOURCE: PCCs survey

There Are Different Standards of Funding the Education of Children in Placement

Education funding for children in out-of-home care constitutes a patchwork . At state residential facilities, schools are on campus, fully funded by the local district/Kentucky Department for Education. Out-of-state facilities have education costs included in the negotiated contracts for children. This is paid for by DSS, not through elementary and secondary school funding. PCC education programs range from schools on campus to various supplemental programs. Moreover, these programs vary in costs and success, depending on arrangements between local boards of education and care providers.

Changes in placement often result in children attending school on an irregular basis. "This disrupts their educational achievement and impedes their integration into society." Often PCC children are not welcome in local schools and "are blamed for everything that happens," according to comments received during site visits.

Educational Improvement Mandated by KERA

KERA mandates in KRS 158.645 a system of public education which shall allow and assist all students to acquire the seven basic skills to enable competition with students in other states.

School performance standards and goals for schools which define the outcomes expected of students are given in KRS 158.6451. These include reducing the drop-out rate and reducing physical and mental barriers to learning.

A performance-based assessment program is mandated in KRS 158.6453 to ensure school accountability for student achievement of the goals outlined in KRS 158.645.

The intent of the General Assembly that schools succeed with all students and receive rewards in proportion to that success is given in KRS 158.6455. A school shall be rewarded for an increased proportion of successful students, including those students at risk of school failure. A threshold level for school improvement, or accountability index, must be established by the State Board for Elementary and Secondary Education, to determine the amount of success needed for a school to receive a reward.

DSS Has Offered to Assist PCCs with Education-Related Problems

DSS has expressed willingness to assist PCCs in resolving education issues. DSS has quarterly meetings with representatives of the Kentucky Association of Homes for Children, where solutions could be discussed with PCCs. Local boards of education and school superintendents should be invited to the meetings to discuss educational needs of the children in PCCs in their district.

PCCs must decide if they wish to enroll children in local public schools. Public money cannot be used for private schools, but if the local district will not enroll the children, the PCC and local school superintendent can agree to have teachers, at school district expense, at the PCC. Appropriate referral of children can result in testing to disclose learning problems. A cooperative effort among DSS, PCCs and local boards of education would better meet the needs of these children, as envisioned in the Kentucky Education Reform Act (KERA), and relieve PCCs of the cost of education of the children.

Conclusion

The Department for Education should review the KERA threshold level for school improvement, or accountability index, to ensure that state agency children and children placed in private child care are included, for both the district of placement for the child and the district of residence after treatment. This will help assure quality education during and after treatment.

Responsibility for education outcomes, as defined in KERA, should be addressed at the joint meetings of DSS, PCCs and local districts/school superintendents.

RECOMMENDATION 5

ENROLLMENT OF CHILDREN AND FUNDING TO BE RESOLVED

The Cabinet for Human Resources and the Department for Social Services should hold regular regional meetings with private child-care providers, the Kentucky Department for Education, local boards of education, and school superintendents, to resolve problems regarding the enrollment of children and education-related funding. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

RECOMMENDATION 6**EDUCATION OF CHILDREN PLACED
OUT-OF-STATE TO BE PAID
THROUGH ELEMENTARY AND SEC-
ONDARY SCHOOL FUNDING**

The Cabinet for Human Resources, the Department for Social Services and the Department for Education should resolve paying for the education of children placed in out-of-state facilities through elementary and secondary school funding, rather than DSS. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

RECOMMENDATION 7**ACCOUNTABILITY INDEX TO IN-
CLUDE CHILDREN PLACED IN PRI-
VATE CARE FACILITIES**

The Department for Education should include state agency children and children placed in private care in the KERA accountability index, including both the district of placement for the child and the district of residence after treatment. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

CHAPTER VII

OBSERVATIONS

The more serious problems observed by Program Review staff included social service workers' caseloads, placement difficulties, program changes and staffing deficiencies in group homes, the data collection system, and Medicaid payments to Adanta. In addition to problems previously cited, many other problems impact the ability of the Department for Social Services (DSS) to serve the children committed to it and compound problems of service.

Social Service Workers' Caseloads Affect the Provision of Services to Families and Children

The Family Preservation Program envisions appropriate services provided to children, and at the same time, to families. During site visits, Program Review and Investigations staff were told that at times, apparently because of high caseloads and the distance social workers have to travel, scheduled conferences with children must either be canceled, or take place without the social worker. One facility reported being cited by the Division of Licensing and Regulation (L & R) because a scheduled conference took place in such circumstances. Services to families that should be provided through social workers probably are impacted adversely by the high caseload also.

Placement Problems Continue to Complicate Service

Social workers spend much time placing each child. Because of the lack of slots and the right of private facilities to refuse placements, a social worker often must make several attempts to effect a placement. Because of the lack of appropriate treatment resources, a child may be placed in a facility simply because a slot is available, not because that is the most appropriate service/slot for the child. This can result in multiple placements, which disrupts the child and the service provider, public or private.

There are several problems with the placement of children, according to the private in-state responders to the Program Review survey. Of the 36 respondents, seventeen responded affirmatively when asked if they had incurred major changes in placement accuracy or inaccuracy in recent years. The respondents volunteered the following additional responses:

- 5 said placements had improved;
- 12 said they had inaccurate placements;
- 6 said social workers do not give enough information;
- 2 cited removal due to inaccuracy; and
- 1 cited lack of permanency planning.

Department officials pointed out that it is the responsibility of the private facility administrators to notify the Department if the private program is unable to meet a child's needs.

This review did not study placement issues, except to collect data on a sample of 15 out-of-state children, 22 children in the R.E.A.C.H. Program and 35 children in the PRTFs. All of these children were among the most difficult to serve. Previous psychiatric hospital placements averaged 2.7, with the highest being 9. Foster home placements averaged 2.6, but five children had been in 23, 22, 15, 12 and 11 homes respectively, while some had been in none. Previous private care placements averaged 1.5, with the highest number of placements being 10. Previous day treatment placements were few. Previous state facility placements were negligible. The Department does not have information about prior placements in its data system. This information is maintained in a child's file in the local district.

Program Changes and Staffing Deficiencies Impact Group Homes

Because of the large number of status and public offenders and severely emotionally disturbed youth committed to the Department, many of these must be placed in group homes and not the more appropriate residential facilities. According to DSS there is a high turnover rate among group home managers and staff. DSS reports attempting to stabilize the group home atmosphere in a number of ways. It offers more support from residential programs, more community resources, more consistent support from area treatment specialists and more specialized training for staff. Nevertheless, group home directors told Program Review staff that the homes are not working properly, due to an increase in more difficult children and staffing problems.

Data Collection System Caused Delays

DSS has had difficulty in providing data requested data by Program Review and Investigations staff on a timely basis. The Commissioner has said that planning is proceeding on a new data collection system. The Department is two years into the development and implementation of an information system which will ultimately link all district and state offices. The total program should cost between \$10 and \$12 million over a 4 - 5 year period. Thus far, the

Department has utilized two personal service contracts in FY 1992 and 1993, in the amounts of \$960,000 and \$1,050,000, for the early development phase of this program.

Medicaid Payments to Adanta Are Under Investigation by the Attorney General

Adanta, a service provider with six facilities in the Somerset area, did not reply to the Program Review and Investigations survey. According to newspaper reports, the CHR Inspector General has asked that Adanta return approximately \$2 million received for Medicaid services which were not provided.

The Attorney General's office, which is now investigating Adanta and those payments, told staff that it would be better not to make visits and inquiries at Adanta at this time.

Payments to Adanta for out-of-home child care are shown in Table 7.1

TABLE 7.1

Payments to Adanta By the Department for Social Services For Child Care

FISCAL YEAR	AMOUNT
1987	\$22,179
1988	\$199,189
1989	\$548,017
1990	\$929,160
1991	\$1,317,684
1992	\$1,394,256

SOURCE: Information provided by DSS.

The Attorney General indicated it was likely that these payments would be reviewed in the course of reviewing other Adanta receipts.

The General Assembly should be kept informed on these issues because of their importance in serving children and the costs required to correct the problems.

RECOMMENDATION 8**REPORT PROGRESS IN RESOLVING
PROBLEMS**

The Cabinet for Human Resources and Department for Social Services should report progress in resolving the problems of social worker caseloads, placement, group home staffing and service, the data collection system, and payments to Adanta, as they relate to out-of-home child-care, to the Program Review and Investigations Committee by July 1, 1993.

CHAPTER VIII

SUBSEQUENT REVIEW OF SERVICE DAYS AND PAYMENTS

At the December Program Review and Investigations Committee meeting, representatives of the Kentucky Association of Homes for Children questioned the cost per service day which was calculated from data provided by the Department for Social Services.

A subsequent review at DSS showed:

- (1) DSS data for PCCs were from two different data systems which were not coordinated, although the systems dealt with service days and payments for the same clients for the same period, from the same source document (DSS - 110);
- (2) In FY 92 several payments to PCCs were untimely and DSS records and PCC records of billings and payments were not routinely reconciled;
- (3) PCC records of service days and payments differ from DSS records (see Table 2.6 and Table 4.3); and
- (4) Service days and payments were not reconciled completely by DSS during this subsequent review, although the differences now are much smaller.

Different Data Systems

DSS derived both payment and service data from the same DSS 110 form; that data was then entered into the accounting system and the client information system, separately.

After appropriate verification and approvals of services, payments were made and entered through the accounting system. Close-out dates for FY 92, mandated by the Finance and Administration Cabinet, affected the processing of documents and resulted in the inaccurate totals reported by DSS.

Service data was entered into the client information system according to month of service, while payments for service were delayed because of errors, lack of documentation, etc.

The largest single error resulted from a PCC duplicating a DSS 110 document and using it to report 86 services for 25 different children, from October 1991 through January 1992. Each DSS 110 has a unique identifying number, to eliminate duplicate entries. In this instance, each use of the document after the first use, was rejected, as an error, by the system. Payments for those services were made, but the other data was not included in the client information system.

Discrepancies occurred in both systems, but errors corrected in one system were not necessarily corrected in the other, since the data in the systems were not compared by DSS.

Payments Untimely

DSS changed in February 1992 from an imprest cash payment system to a contract payment/purchase order system, to reduce processing time for payments to PCCs. However, a review of a sample of payments showed that June 1992 payments to Ramey were for two October 1991 services, forty-five March 1992, six April 1992 and forty-seven May 1992 services. The March 1992 Ramey payment was for one October 1991 service, one November 1991, three December 1991, fifty-eight January 1992 and forty-four February 1992 services.

Delays were caused by late billings for services by PCCs, lack of receipts for such items as clothing, late billing from PCCs for transportation, school supplies and/or services, and delays in approval in DSS field offices. (See also Different Data Systems.)

A routine reconciliation of monthly PCC and DSS totals would have been helpful in assuring timely payment for services, but it was not done because of the time involved.

KRS 45.451 states that all bills shall be paid on time, while KRS 45.453 requires payment within thirty working days of the receipt of a vendor's invoice. KRS 45.454 mandates an interest penalty of 1% for each month or fraction thereof after the thirty days. The Office of Administrative Services in CHR, however, knew of no payment of penalties for untimely payments to PCCs.

PCCs Records Differ

PCCs were asked to provide the totals shown in their records for service days and payments. Some noted that figures were for billed days, while others noted that figures were for payments received. Some PCCs included all payments received in one total (daily rate, plus transportation, supplies, medical costs, etc.), while others did not.

Table 2.6 and Table 4.3 show that the figures reported by PCCs did not agree with DSS figures.

Totals Are Not Reconciled, but Differences Are Smaller

DSS staff spent more than 275 hours in the review of records for Maryhurst and Ramey Children's Home, two of the three PCCs shown originally in Table 5.6. Because of the time which would have been involved, the Presbyterian Child Welfare Agency was not reviewed.

DSS now states "that client data was known to be under reported..." (See Table 8), DSS indicating that it is often several months after the end of a fiscal year before their reporting systems reflect accurate service data, due to delays in reporting.

Results of the review and a listing of different daily costs, depending upon the figures used for calculations, are shown in Table 8.

TABLE 8
Subsequent Review of Data

MARYHURST	CHILD CARE DAYS	TOTAL PAYMENTS	AVERAGE DAILY COST
TABLE 5.6	7,165	\$1,414,613	\$197.43
Submitted by agency in Dec. (1).	9,910	1,208,691	121.97
"System Report"(2)	7,165	919,081	128.27
Agency data submitted in Jan. (3)	10,616	1,271,523	119.77
Data from review of payments	10,684	1,255,346	117.50

Data used in Table 5.6 was from two different sources; client data was known to be underreported*; payment data included an extra month because of the timing of payments and the yearend close-out.

Data submitted by the agency in December differed from the monthly summaries submitted in January.

Average cost was much closer when both days and dollars were from a single source, whether agency data or DSS data was used.

When DSS and the agency had time to compile statistics on a month-by-month basis, the resulting totals and averages were nearly identical (within 1%).

RAMEY CHILDREN'S HOME	CHILD CARE DAYS	TOTAL PAYMENTS	AVERAGE DAILY COST
Table 5.6	9,956	\$976,329	\$98.06
Submitted by agency in Dec. (1)	9,956	892,000	89.59
"System Report" (2)	9,956	745,077	74.84
Agency data submitted in Jan. (3)	11,273	899,422	79.79
Data from review of payments	11,101	899,925	80.17

Data used in Table 5.6 was from two different sources; client data was known to be underreported*; payment data included an extra month because of the timing of payments and the yearend close-out date.

Data submitted by the agency in December differed from the monthly summaries submitted in January.

Average cost calculated from information on the DSS information system was closer to the final figures than either table 5.6 or the initial data submitted by the agency, which relied on DSS reported days rather than an independent count.

When DSS and the agency had time to compile statistics on a month-by-month basis, the resulting totals and averages were nearly identical (approximately 1%).

* This was not stated previously. DSS explained that it is often several months after the end of a fiscal year before their reporting systems reflect accurate service data, due to delays in reporting.

- 1.) PCC reply to DSS query.
- 2.) Payments differ because data was from the imprest cash system.
- 3.) PCC reply to LRC survey.

SOURCE: DSS

Corrective Action Proposed by DSS

DSS states that corrective action on these problems was begun about February 1992, before the PCC study was started. DSS will inform PCCs and local DSS offices, again, to submit timely billings and corrections, in order to prevent these problems in the future.

The delivery of client service is the primary focus for social workers. The completion of reports is a separate activity, not necessarily done at the same time. Until these activities are simultaneous, these errors or delays in the system could continue.

DSS has proposed that The Worker Information System, TWIST, be implemented. TWIST will collect case data and produce state and federal reports without duplication of effort, with information being entered into the system only one time. It is anticipated that TWIST will be on line by the end of fiscal year 1996, assuming funding is approved.

When TWIST is implemented, payments will be made from information in the TWIST system, according to DSS.

The response of the Department for Social Services to the problem of differing data is given in Appendix G.

Agencies Must Reimburse Promptly

KRS 45.451 states that all bills shall be paid on time, while KRS 45.453 requires payment within thirty working days of the receipt of a vendor's invoice. KRS 45.454 mandates an interest penalty of 1% for each month or fraction thereof after the thirty days. Therefore the Program Review and Investigations Committee added the following recommendation to ensure prompt payment to providers.

RECOMMENDATION 9

INTEREST PENALTY FOR UNTIMELY PAYMENTS

The Cabinet for Human Resources and the Department for Social Services should pay the interest penalty mandated by statute, when payments for services rendered by out-of-home care providers, are untimely.

APPENDIX A

APPENDIX A

PRIVATE CHILD CARE AGREEMENTS		
CONTRACT NUMBER	NAME OF FACILITY	RATE
PCC-14-02	Adanta Group-Community Options	***\$85.00 per diem
PCC-06-02	Bellewood-Presbyterian Home for Children	*\$85.00 per diem (Emergency Shelter)
(Hopkinsville)	Bellewood Center (Emergency Shelter)	*\$47.70 per diem
		*\$33.40 per diem (Homeward Bound)
		*\$19.00 per diem Emergency Shelter Foster
		** \$54.80 *(Residence for Ind. Living Clients)
PCC-07-10	Brighton Center, Inc. (Homeward Bound)	Contract direct with foster parents. No charge for administrative or social services costs.
MU-07-01	Catholic Social Services Bureau	
PCC-03-01	Chaney House	*\$24.30 per diem
PCC-01-49	Charter Hospital of Paducah	
PCC-00-11	The Children's Home of Cincinnati	***\$183.00 per diem
PCC-07-02	The Children's Home of Northern KY (Covington Protestant)	**\$81.80 per diem
PCC-00-37	CPC Palm Bay	***\$375 per diem plus
PCC-15-01	Christian Church Children's Campus of Danville	**\$55.90 per diem
PCC-15-01	Christian Church Children's Campus Group Home	**\$55.90 per diem
PCC-15-02	Cleveland Home	*\$30.20 per diem
PCC-00-52	Cooper Care, Inc.	***\$70.00 per diem for foster care
PCC-07-04	Diocesan Catholic Children's Home	*\$57.00 per diem
		***\$118.00 per diem (Regular Admissions)
		***\$185.00 per diem (Sexual Abuse Program) (both effective 1/1/91)
PCC-00-18	Gibault School (Indiana)	*\$25.20 per diem
PCC-10-01	Hack Estep Home for Boys	*\$30.70 per diem
PCC-15-08	Hollon House, Inc.	**\$75.25 per diem
PCC-07-05	Holly Hill Children's Home, Inc.	**\$62.85 per diem
PCC-06-11	Home of the Innocents	

APPENDIX A

PRIVATE CHILD CARE AGREEMENTS		
CONTRACT		
NUMBER	NAME OF FACILITY	RATE
PCC-06-11	Unwed Mothers Transitional Housing for Homeless	\$11.47 per diem (each client)
PCC-09-01	Hope Hill Children's Home, Inc.	*\$30.40 per diem
PCC-13-06	Jackson Co. Ministries Barnabas Home Emergency Shelter	*\$29.80 per diem
PCC-00-04	Kaleidoscope, Inc.	
PCC-06012	Kentucky Baptist Home for Children	
PCC-06012	Dixon Temporary Shelter	*\$43.10 per diem (Emergency Shelter)
PCC-06012	Baptist Youth Ranch (Elizabethtown Treatment Program)	***\$75.50 per diem (Dual Diagnosed RX)
PCC-06012	MOREHEAD TEMPORARY SHELTER	*\$43.10 per diem (Emergency Shelter)
PCC-06012	Glendale children's Home	*\$42.15 per diem
PCC-06012	Spring Meadows, Inc.	*\$40.40 per diem
PCC-15-14	Lexington-Fayette Co. Urban Govt.	**\$52.50 per diem (Emergency Shelter)
PCC-07-09	Maplewood Children's Home	*\$26.40 per diem (Emergency Shelter)
PCC-00-26	Manatee Palms Residential Treatment Center	***\$340 per diem plus clothing and allowances
PCC-00-26		***\$490 per diem for acute care
PCC-06-10	Maryhurst	***\$62.35 per diem
PCC-06-10	SED Program (Through RIAC & C.O.)	***\$164.08 per diem
PCC-06-10	Family Treatment Home	**\$75.00 per diem
PCC-06-10	Independent Living	**\$65.00 per diem
PCC-15-04	The Methodist Home of Kentucky	**\$64.30 per diem
PCC-15-04	Mary Kendall Home (boys & girls)	*\$36.10 per diem
PCC-15-04	Mary Kendall Emergency Shelter	*\$36.10 per diem
PCC-15-06	Metro Group Homes, Inc.	*\$41.45 per diem
PCC-15-06	Metro Alternative Shelter House	**\$56.25 per diem (Emergency Shelter)
PCC-14-01	Operation Hope, Inc.	*\$22.50 per diem (Emergency Shelter)
PCC-12-04	Presbyterian Child Welfare (Buckhorn)	**\$67.50 per diem
PCC-12-04	SED Program (Through RIAC & C.O.)	***\$166.19 per diem
PCC-12-04	Dessie Scott Treatment Program	***\$94.20 per diem (Dual Diagnosed RX)

APPENDIX A

PRIVATE CHILD CARE AGREEMENTS		
CONTRACT NUMBER	NAME OF FACILITY	RATE
PCC-06-04	St. Joseph Catholic Orphanage	*\$33.40 per diem
PCC-00-42	St. Joseph (Cincinnati)	***\$110.00 per diem
PCC-00-42	Foster Home Care	***\$70.00 per diem
PCC-00-21	United Methodist Youth Home (Indiana)	***\$82.00 per diem plus tuition & clothing (2/1/91)
PCC-00-21	Semi-Independent Living - 1. Mother	\$77.00
PCC-00-21	Semi-Independent Living - 2. Child	\$38.50
PCC-00-39	Villages of Indiana	**\$53.00 per diem
PCC-03-06	West Home for girls	*\$29.00 per diem
PCC-01-01	Western KY Children's Home	*\$40.60 per diem
PCC-06-14	YMCA Shelter House	*\$42.90 per diem (Emergency Shelter)
PCC-00-14	Youth Development Corporation of America	
PCC-00-14	Youth Opportunities Unlimited	**\$88.75
PCC-00-14	Ohio Center for Youth	***\$158.40
SOURCE: DSS . Rates effective 7/1/92		
NOTE: The asterisks have been included to provide a quick reference concerning the level of pre-admission supervisory approval required for the admission and the signature line on the front side of the DSS-114. These rates are effective as of 7/1/92.		
1 - SED Program on the Dessie Scott Campus only until the new cottage is built and opened at Buckhorn..		
Asterisk Code	Payment Rate	
*	BRS through \$50.00 per day	
**	\$50.01 through \$75.00 per day (Except IFBSS & Out-of-State)	
***	\$75.01 and above	

APPENDIX B

APPENDIX B
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS DETAIL90-92

CRS EXPENDITURES	FY'90			FY'91			FY'92			FY'92		
	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	FY'92 Total Expenditures
Day Treatment (ECA)												
DT Br Mgr's Office-Contract 60% (3)(12)	59,137	0	0	59,137	63,037	0	0	63,037	71,749	0	0	71,749
DT Br Mgr's Office-State 40% (3)(12)	39,424	0	0	39,424	42,024	0	0	42,024	47,833	0	0	47,833
Ashland Day Treatment	171,825	300	23,238	195,363	183,945	0	14,045	197,990	213,671	0	28,458	242,129
Christian Co. Day Tr.	186,357	0	45,311	231,668	211,528	0	48,862	260,390	265,986	0	49,109	315,095
Newport Day Treatment	196,394	0	38,810	235,204	182,747	0	43,540	226,287	204,399	0	54,990	259,389
Hardin Co. Day Tr.	184,886	0	24,225	209,111	187,050	0	13,531	200,581	185,742	0	23,834	209,576
Owensboro Day Tr.	308,774	0	22,534	331,308	292,687	0	27,408	320,095	290,278	0	27,520	317,798
Louisville Day Tr.	714,336	357	50,843	765,536	737,704	0	71,042	808,746	702,283	0	73,235	775,518
Contract Day Treatment Facilities (1)		137,492	758,603	896,095	0	129,239	1,180,574	1,309,813		131,632	1,346,349	1,477,981
Contract Branch Costs-Contract 60%		15,049	0	15,049	0	0	40,765	40,765		0	56,852	56,852
Contract Branch Costs-State 40%		10,032	0	10,032	0	0	27,177	27,177		0	37,902	37,902
Staff Training-DT-Contract 60%		837	38,375	39,212	0	0	7,462	7,462		0	0	0
Staff Training-DT-State 40%		558	25,583	26,141	0	0	4,975	4,975		0	0	0
ECA Contract Indirect Subtotal 60%	0	0	0	0	124,544	0	0	124,544	123,484	0	0	123,484
ECA State Indirect Subtotal 40%	117,688	0	0	117,688	83,029	0	0	83,029	82,322	0	0	82,322
	78,459	0	0	78,459								
Day Treatment Br. Total	2,057,280	164,625	1,027,522	3,249,427	2,108,295	129,239	1,479,381	3,716,915	2,187,747	131,632	1,698,249	4,017,628

APPENDIX B
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS DETAIL 90-92

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Group Homes (ECC)												
GH Br Mgr's Office-State 75% (4)/(12)	113,490	0	0	113,490	130,174	0	0	130,174	99,528	0	0	99,528
GH Br Mgr's Office-Contract 25% (4)/(12)	37,830	0	0	37,830	43,391	0	0	43,391	33,176	0	0	33,176
London Group Home	221,521	0	0	221,521	279,968	0	0	279,968	311,463	0	0	311,463
Middleboro Group Home	263,115	0	0	263,115	257,758	0	0	257,758	288,515	0	0	288,515
Lexington (Frankfort) G. H.	217,741	0	0	217,741	194,202	0	0	194,202	192,123	0	0	192,123
Bowling Green Group Home	307,166	0	0	307,166	346,557	0	0	346,557	346,746	0	0	346,746
Waddy Group Home	275,115	0	0	275,115	286,597	0	0	286,597	305,897	0	0	305,897
Ashland Group Home	214,537	0	0	214,537	271,537	0	0	271,537	291,312	0	0	291,312
Walton Group Home	239,442	0	0	239,442	297,818	6,247	0	304,065	309,264	6,860	0	316,124
Westport Group Home	258,913	0	0	258,913	294,440	0	0	294,440	264,351	0	0	264,351
Hopkinsville Group Home	234,924	0	0	234,924	233,010	0	0	233,010	261,535	0	0	261,535
Frenchburg Group Home	262,282	0	0	262,282	296,732	0	0	296,732	319,116	0	0	319,116
Glasgow Group Home	278,224	0	0	278,224	310,038	0	0	310,038	344,895	0	0	344,895
Burnside Group Home	244,887	0	0	244,887	279,409	0	0	279,409	285,055	0	0	285,055
Mayfield Group Home	293,210	0	0	293,210	315,651	0	0	315,651	340,130	0	0	340,130
Contract Group Home Facilities (2)	196,498	853,374	0	1,049,872	0	263,996	1,175,466	1,439,462	136,431	1,129,422	0	1,265,853
Contract Branch Costs-State 75%	0	0	0	0	0	0	0	0	29,848	0	0	29,848
Contract Branch Costs-Contract 25%	0	0	0	0	0	0	0	0	9,949	0	0	9,949
Staff Training-G H-State 75%	1,046	47,969	0	49,015	0	0	9,374	9,374	0	0	0	0
Staff Training-G H-Contract 25%	349	15,989	0	16,338	0	0	3,124	3,124	0	0	0	0
ECC State Indirect Subtotal 75%	243,985	0	0	243,985	262,279	0	0	262,279	266,447	0	0	266,447
ECC Contract Indirect Subtotal 25%	81,328	0	0	81,328	87,426	0	0	87,426	88,816	0	0	88,816
Group Home Branch Total	3,787,710	197,893	917,332	4,902,935	4,186,987	270,243	1,187,964	5,645,194	4,348,369	183,088	1,129,422	5,660,879

APPENDIX B
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS DETAIL 90-92

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Residential Facilities (ECE)												
Residential Br Office-State 100% (5)	105,167	727	0	105,894	130,661	0	0	130,661	166,016	0	0	166,016
Green River Boys' Camp	1,033,745	0	68,567	1,102,312	1,101,765	0	83,061	1,184,826	1,181,032	0	77,084	1,258,116
Rice Audubon (KCH)	1,425,217	7,030	31,324	1,463,571	1,505,332	9,057	36,441	1,550,830	1,538,897	14,469	39,560	1,592,926
Lake Cumberland Boys Camp	1,265,289	2,155	88,617	1,356,061	1,260,033	968	110,072	1,371,073	1,343,162	3,199	112,492	1,458,853
Lincoln Village Tr. Ctr.	1,045,831	0	52,177	1,098,008	1,109,612	0	60,055	1,169,667	1,159,638	0	65,356	1,224,994
Owensboro Tr. Ctr.	1,168,148	0	64,388	1,232,536	1,167,515	0	66,566	1,234,081	1,282,953	0	97,966	1,380,919
Woodbend Boys' Camp	1,261,861	3,414	88,929	1,354,204	1,259,732	2,565	117,577	1,379,874	1,354,282	4,731	97,490	1,456,503
Central Kentucky Tr. Ctr.	1,428,985	6,927	31,324	1,467,236	1,517,585	6,669	36,585	1,560,839	1,577,964	10,210	35,840	1,624,014
Morehead Treatment Ctr.	1,184,077	2,160	62,922	1,249,159	1,269,302	2,890	64,151	1,336,343	1,416,982	1,700	66,813	1,485,495
Mayfield Boys' Tr. Ctr.	1,059,155	3,485	0	1,062,640	1,157,553	2,250	16,313	1,176,116	1,164,648	2,418	33,848	1,200,914
Johnson-Breckenridge Tr. Ctr.	1,241,591	6,155	0	1,247,746	1,304,818	7,881	0	1,312,699	1,369,128	9,707	0	1,378,835
Northern Ky Treatment Center	1,521,033	39,547	0	1,560,580	1,574,537	47,611	36,887	1,659,035	1,709,273	57,789	38,330	1,805,392
Cardinal Treatment Center	1,289,285	6,445	31,324	1,327,054	1,412,051	6,898	50,112	1,469,061	1,510,237	23,985	35,840	1,570,062
Contract Branch Costs-State 100%		0	327,501	327,501	0	0	293,354	293,354		0	550,318	550,318
Staff Training-Residential-State 100 %		1,395	63,958	65,353	0	0	200,305	200,305		0	0	0
ECE Indir Subtotal-State 100%	1,511,731	0	0	1,511,731	1,677,169	0	0	1,677,169	1,660,039	0	0	1,660,039
Residential Branch Total	16,541,115	79,440	911,031	17,531,586	17,447,665	86,789	1,171,479	18,705,933	18,434,251	128,208	1,250,937	19,813,396

APPENDIX B
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS DETAIL 90-92

CRS EXPENDITURES	FY'90		FY'90		FY'90		FY'91		FY'91		FY'91		FY'92		FY'92		
	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	
Clinical Services (ECG)																	
	108,834	0	0	108,834	204,633	0	0	204,633	491,652	0	0	491,652					
	72,556	0	0	72,556	136,422	0	0	136,422	327,768	0	0	327,768					
	439,948	0	371	440,319	0	0	0	204,633	0	0	0	0					
	774,344	9,200	0	783,544	857,342	0	8,686	204,633	967,571	0	0	967,571					
	725,568	175	20,366	746,109	753,250	0	145,045	204,633	828,885	0	11,672	840,557					
	0	0	298,000	298,000	0	0	907,742	907,742	0	0	1,994,389	1,994,389					
		0	10,000	10,000	0	0	17,791	17,791	0	0	7,671	7,671					
		0	294,355	294,355	0	0	0	0	0	0	0	0	0				
		837	38,375	39,212	0	0	7,466	7,466	0	0	0	0	0				
		558	25,583	26,141	0	0	4,977	4,977	0	0	0	0	0				
	164,636	0	0	164,636	126,175	0	0	126,175	154,600	0	0	154,600					
	109,757	0	0	109,757	84,116	0	0	84,116	103,066	0	0	103,066					
Clinical Branch Total	2,395,643	10,770	687,050	3,093,463	2,161,938	0	1,091,707	3,244,198	2,873,542	0	2,013,732	4,887,274					

APPENDIX B
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS DETAIL 90-92

CRS EXPENDITURES	FY'90		FY'90		FY'90		FY'90		FY'91		FY'91		FY'91		FY'92		FY'92			
	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures
CRS Dir Office-State 65 % (7)(12)	333,799	44,241	23,140	401,180	386,456	45,305	0	431,761	452,010	17,063	0	469,073	452,010	17,063	0	469,073	452,010	17,063	0	469,073
CRS Dir Office-Contract 35% (7)(12)	179,738	23,822	12,460	216,020	208,092	24,395	0	232,487	243,390	9,187	0	252,577	243,390	9,187	0	252,577	243,390	9,187	0	252,577
A & P Branch-State 65% (8)(12)	432,359	0	0	432,359	494,710	0	0	494,710	497,153	18	0	497,171	497,153	18	0	497,171	497,153	18	0	497,171
A & P Branch-Contract 35% (8)(12)	232,808	0	0	232,808	266,383	0	0	266,383	267,698	10	0	267,708	267,698	10	0	267,708	267,698	10	0	267,708
Tr Branch-Contract 35% (9)(12)	246,411	0	0	246,411	375,005	18,180	0	393,185	281,267	0	21,280	302,547	281,267	0	21,280	302,547	281,267	0	21,280	302,547
Tr Branch-State 65% (9)(12)	457,620	0	0	457,620	696,439	33,762	0	730,201	522,351	0	39,521	561,872	522,351	0	39,521	561,872	522,351	0	39,521	561,872
Education Branch-State 75% (10)(12)	483,006	0	10,574	493,580	469,280	13,086	0	482,366	440,418	0	13,397	453,815	440,418	0	13,397	453,815	440,418	0	13,397	453,815
Education Branch-Contract 25% (10)(12)	161,002	0	3,524	164,526	156,426	4,362	0	160,788	146,806	0	4,465	151,271	146,806	0	4,465	151,271	146,806	0	4,465	151,271
TOTAL	2,526,743	68,063	49,698	2,644,504	3,052,791	139,090	0	3,191,881	2,851,093	26,278	78,663	2,956,034	2,851,093	26,278	78,663	2,956,034	2,851,093	26,278	78,663	2,956,034
Children's Residential Total*	\$27,308,491	\$520,791	\$3,592,633	\$31,421,915	\$28,957,676	\$625,361	\$4,930,531	\$34,513,568	\$30,695,002	\$469,206	\$6,171,003	\$37,335,211	\$30,695,002	\$469,206	\$6,171,003	\$37,335,211	\$30,695,002	\$469,206	\$6,171,003	\$37,335,211

APPENDIX B

FOOTNOTES TO FISCAL ANALYSIS

1. CONTRACTED DAY TREATMENT FACILITIES INCLUDE:

Hopkins County
Bowling Green

Bullitt county
Shelby County
Covington Area
Pike County
Laurel County
Lexington
Frankfort
Harrodsburg
Madison County

2. Contracted Group Home Facilities Include:

Louisville Area:

Berea:

Bardstown Rd.
Kennedy
Crescent
Winter

Prospect House

3. Day Treatment Branch

Costs of contract programs are calculated at 60% for services provided by the branch manager's office and provision of staff training. This is based upon the number of contract day treatment slots (416) vs. state operated slots (270).

4. Group Home Branch

Costs for contract programs are calculated at 25% for services from the branch manager's office and provision of training services. This is based upon the number of contract group home beds (40) VS state-operated group home beds (104).

5. Residential Services Branch

Costs for contract programs are 0% for services provided by the branch manager and provision of staff training as there are no contracted programs managed by this branch.

6. Clinical Services Branch

Costs for contract programs are calculated at 60% for services from the branch manager's office and for staff training assigned to Peace, Inc. (52 beds) and treatment and consultation services provided by 12 treatment specialists to 16 contract programs monitored by the Division of children's Residential Services.

7. Division Director's Office

Costs for contract programs are calculated at 35% for services from this office based upon the number of contract beds and day treatment slots (508) VS 880 state -operated beds and day treatments slots.

8. Assessment and Placement Branch

Costs for contract programs are calculated at 35% for services from this branch based upon the number of contract beds and day treatment slots, 508 VS 880 state operated beds and day treatment slots.

APPENDIX B

9. Program Development and Training Branch

Costs for contract programs are calculated at 35% for training and consultation services from this branch based upon the number of contract beds and day treatment slots, 508 VS 880 state-operated beds and day treatment slots.

10. Education Branch

Costs for contract programs are calculated at 25% for services from this branch based upon the number of contracted day treatment programs (11) VS the number of state-operated day treatment, residential, and clinical branch programs (2). This branch provides few services the group home branch because youth served in group homes attend public schools or day treatment programs.

11. Other Program Support

Costs for other support services to contract programs are calculated at 35% of costs based upon the number of contract beds and day treatment slots, 508 VS 8880 State-operated beds and day treatment slots.

12. Services Provided by Children's Residential Services to Contract Agencies and Programs.

Services provided by CRS include, but are not limited to the following:

Staff Development and Training	Contract Monitoring	Consultation services related to treatment planning and delivery
Support treatment services to families	Resident rights monitoring and compliance	Resident complaint resolutions
Assistance with referrals to other Levels of care	Consultation on education programs/issues	Financial management support

NOTES TO FISCAL ANALYSIS

13.

Department for Social Services Types of Contracts by Subprogram

	Professional Services	Program Administration
ECA-Day Treatment		
Day Treatment Programs	X	X
Day Treatment Teachers		X
Vocational Education		X
ECC Group Homes		
Group Home Programs	X	X
Medical Care	X	
ECE Residential Services		
Medical Care	X	X
ACA Accreditation	X	
Staff Training		X
Vocational Education		X
Educational Programs		X
Detention		X
Treatment for Sexual Offenders	X	
ECG Clinical Services		
Psychiatric Assessments		X
Psychiatric Treatment		X
Medical Care	X	
Re-Ed Services		X

APPENDIX B

NOTES ON INDIRECT COSTS

Department Indirect includes all costs within the Department for Social Services which are not directly identifiable to a specific program. These include, but are not limited to, costs associated with the Commissioner's Office, Quality Assurance, and the Division of Program Management.

Cabinet Indirect Costs include an allocated share of The Office of the Secretary, the Office of Personnel Management, the Office of Communications, Building Lease Costs, the Office of Administrative Services, the Department of Law, the Office of the Inspector General, the Office of Policy and Budget, the Office of the Ombudsman, and a portion of the Cabinet's allocation of statewide cost. The Statewide Cost Allocation include the cost of

- Social Security
- Accounts
- Purchases
- Risk Management
- Personnel
- Deferred Comp.
- Treasury
- Auditor
- Governor's Office of Policy and Management
- Kentucky Retirement
- Program Administration

In addition to those costs listed above, the cost of other agencies not covered through direct user charges are also allocated through the Statewide Cost Allocation Plan. Examples are Information Systems, Motorpool, Governmental Services Center, Facilities Securities, etc.

APPENDIX C

APPENDIX C
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90		FY'90		FY'90		FY'91		FY'91		FY'91		FY'92		FY'92		FY'92	
	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures		
Day Treatment (ECA)																		
DT Br Mgr's Office-Contract 60% (3)(12)	59,137	0	0	59,137	63,037	0	0	63,037	71,749	0	0	71,749	71,749	0	0	71,749		
DT Br Mgr's Office-State 40% (3)(12)	39,424	0	0	39,424	42,024	0	0	42,024	47,833	0	0	47,833	47,833	0	0	47,833		
Contract Branch Costs-Contract 60%		15,049	0	15,049	0	0	40,765	40,765		0	56,852	56,852		0	56,852	56,852		
Contract Branch Costs-State 40%		10,032	0	10,032	0	0	27,177	27,177		0	37,902	37,902		0	37,902	37,902		
Staff Training-DT-Contract 60%		837	38,375	39,212	0	0	7,462	7,462		0	0	0		0	0	0		
Staff Training-DT-State 40%	0	558	25,583	26,141	0	0	4,975	4,975		0	0	0		0	0	0		
ECA Contract Indirect Subtotal 60%	117,688	0	0	117,688	124,544	0	0	124,544	123,484	0	0	123,484	123,484	0	0	123,484		
ECA State Indirect Subtotal 40%	78,459	0	0	78,459	83,029	0	0	83,029	82,322	0	0	82,322	82,322	0	0	82,322		
Day Treatment Br. Total	294,708	26,476	63,958	385,142	312,634	0	80,379	393,013	325,388	0	94,754	420,142	325,388	0	94,754	420,142		

APPENDIX C
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Group Homes (ECC)												
GH Br Mgr's Office-State 75% (4)(12)	113,490	0	0	113,490	130,174	0	0	130,174	99,528	0	0	99,528
GH Br Mgr's Office-Contract 25% (4)(12)	37,830	0	0	37,830	43,391	0	0	43,391	33,176	0	0	33,176
Contract Branch Costs-State 75%		0	0	0	0	0	0	0		29,848	0	29,848
Contract Branch Costs-Contract 25%		0	0	0	0	0	0	0		9,949	0	9,949
Staff Training-G H-State 75%		1,046	47,969	49,015	0	0	9,374	9,374		0	0	0
Staff Training-G H-Contract 25%		349	15,989	16,338	0	0	3,124	3,124		0	0	0
ECC State Indirect Subtotal 75%	243,985	0	0	243,985	262,279	0	0	262,279	266,447	0	0	266,447
ECC Contract Indirect Subtotal 25%	81,328	0	0	81,328	87,426	0	0	87,426	88,816	0	0	88,816
Group Home Branch Total	476,633	1,395	63,958	541,986	523,270	0	12,498	535,768	487,967	39,797	0	527,764

SOURCE: DSS.

APPENDIX C
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Residential Facilities (ECE)												
Residential Br Office-State 100% (5)	105,167	727	0	105,894	130,661	0	0	130,661	166,016	0	0	166,016
Contract Branch Costs-State 100%		0	327,501	327,501	0	0	293,354	293,354	0	0	550,318	550,318
Staff Training-Residential-State 100 %		1,395	63,958	65,353	0	0	200,305	200,305	0	0	0	0
ECE Indir Subtotal-State 100%	1,511,731	0	0	1,511,371	1,677,169	0	0	1,677,169	1,660,039	0	0	1,660,039
Residential Branch Total	1,616,898	2,122	391,459	2,010,119	1,807,830	0	493,659	2,301,489	1,826,055	0	550,318	2,376,373

APPENDIX C
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Clinical Services (ECG)												
Clin Br Office-Contract 60% (6)(12)	108,834	0	0	108,834	204,633	0	0	204,633	491,652	0	0	491,652
Clin Br Office-State 40% (6)(12)	72,556	0	0	72,556	136,422	0	0	136,422	327,768	0	0	327,768
Staff Training-Clinical-Contract 60%		837	38,375	39,212		0	7,466	7,466		0	0	0
Staff Training-Clinical-State 40%		558	25,583	26,141		0	4,977	4,977		0	0	0
ECG Contract Indirect Subtotal 60%	164,636	0	0	164,636	126,175	0	0	126,175	154,600	0	0	154,600
ECG State Indirect Subtotal 40%	109,757	0	0	109,757	84,116	0	0	84,116	103,066	0	0	103,066
Clinical Branch Total	455,783	1,395	63,958	521,136	551,346	0	12,443	563,789	1,077,086	0	0	1,077,086

APPENDIX C

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SOURCE: DSS.

APPENDIX D

APPENDIX D

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SOURCE: DSS/CRS FISCAL ANALYSIS 90-92

APPENDIX D
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
DSS INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY90 Operating Expenditures	FY90 Per. Ser. Contracts	FY90 Pro. Adm. Contracts	FY90 Total Expenditures	FY91 Operating Expenditures	FY91 Per. Ser. Contracts	FY91 Pro. Adm. Contracts	FY91 Total Expenditures	FY92 Operating Expenditures	FY92 Per. Ser. Contracts	FY92 Pro. Adm. Contracts	FY92 Total Expenditures
Group Homes (ECC)												
GH Br Mgr's Office-State 75% (4)(12)	10,032	0	0	10,032	130,174	0	0	130,174	99,528	0	0	99,528
Contract Branch Costs-State 75%		0	0	0	0	0	0	0	29,848	29,848	0	29,848
Staff Training-G H-State 75%		1,046	47,969	49,015	0	0	9,374	9,374	0	0	0	0
ECC State Indirect Subtotal 75%	243,985	0	0	243,985	262,279	0	0	262,279	266,447	0	0	266,447
Group Home Branch Total	254,017	1,046	47,969	303,032	392,453	0	9,374	401,827	365,975	29,848	0	395,823

APPENDIX D
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
DSS INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Residential Facilities (ECE)												
Residential Br Office-State 100% (5)	105,167	727	0	105,894	130,661	0	0	130,661	166,016	0	0	166,016
Contract Branch Costs-State 100%		0	327,501	327,501	0	0	293,354	293,354	0	0	550,318	550,318
Staff Training-Residential-State 100 %		1,395	63,958	65,353	0	0	200,305	200,305	1,660,039	0	0	1,660,039
ECE Indir Subtotal-State 100%	1,511,731	0	0	1,511,731	1,677,169	0	0	1,677,169				
Residential Branch Total	1,616,898	2,122	391,459	2,010,479	1,807,830	0	493,659	2,301,489	1,826,055	0	550,318	2,376,373

APPENDIX D
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
DSS INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Clinical Services (ECG)												
Clin Br Office-State 40% (6)(12)	72,556	0	0	72,556	136,422	0	0	136,422	327,768	0	0	327,768
Staff Training-Clinical-State 40%		558	25,583	26,141		0	4,977	4,977		0	0	0
ECG State Indirect Subtotal 40%	109,757	0	0	109,757	84,116	0	0	84,116	103,066	0	0	103,066
Clinical Branch Total	182,313	558	25,583	208,454	220,538	0	4,977	225,515	430,834	0	0	430,834

SOURCE: DSS/CRS FISCAL ANALYSIS 90-92

APPENDIX D
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
DSS INDIRECT COSTS DETAIL

CRS EXPENDITURES	FY'90		FY'90		FY'90		FY'91		FY'91		FY'91		FY'92		FY'92	
	Operating Expenditures	Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	Operating Expenditures	Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	Operating Expenditures	Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures	Operating Expenditures	Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Division/Branch Offices																
CRS Dir Office-State 65 % (7)(12)	333,799	44,241	23,140	401,180	386,456	45,305	0	431,761	452,010	17,063	0	469,073	452,010	17,063	0	469,073
A & P Branch-State 65% (8)(12)	0	0	0	0	494,710	0	0	494,710	497,153	18	0	497,171	497,153	18	0	497,171
Tr Branch-State 65% (9)(12)	457,620	0	0	457,620	696,439	33,762	0	730,201	522,351	0	39,521	561,872	522,351	0	39,521	561,872
Education Branch-State 75% (10)(12)	483,006	0	10,574	493,580	469,280	13,086	0	482,366	440,418	0	13,397	453,815	440,418	0	13,397	453,815
Other Pgm Support-State 65% (11)(12)	0	0	0	86,802	0	0	0	95,664		0	0	55,080		0	0	55,080
TOTAL	1,274,425	44,241	33,714	1,439,182	2,046,885	92,153	0	2,234,702	1,911,932	17,081	52,918	2,037,011	1,911,932	17,081	52,918	2,037,011
Children's Residential Total	\$3,445,536	\$58,557	\$524,308	\$4,115,203	\$4,592,759	\$92,153	\$540,162	\$5,320,738	\$4,664,951	\$46,929	\$641,138	\$5,408,098	\$4,664,951	\$46,929	\$641,138	\$5,408,098

APPENDIX E

APPENDIX E
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL ATTRIBUTED TO CONTRACTED SERVICES

CRS EXPENDITURES	FY'90	FY'90	FY'90	FY'90	FY'91	FY'91	FY'91	FY'91	FY'91	FY'92	FY'92	FY'92	FY'92
	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	
Day Treatment (ECA)													
DT Br Mgr's Office-Contract 60% (3)(12)	59,137	0	0	59,137	63,037	0	0	63,037	71,749	0	0	71,749	
Contract Branch Costs-Contract 60%		15,049	0	15,049	0	0	40,765	40,765	0	0	56,852	56,852	
Staff Training-DT-Contract 60%		837	38,375	39,212	0	0	7,462	7,462	0	0	0	0	0
ECA Contract Indirect Subtotal 60%	117,688	0	0	117,688	124,544	0	0	124,544	123,484	0	0	123,484	
Day Treatment Br. Total	176,825	15,886	38,375	231,086	187,581	0	48,227	235,808	195,233	0	56,852	252,085	

APPENDIX E
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL ATTRIBUTED TO CONTRACTED SERVICES

CRS EXPENDITURES	FY'90 Operating Expenditures	FY'90 Per. Ser. Contracts	FY'90 Pro. Adm. Contracts	FY'90 Total Expenditures	FY'91 Operating Expenditures	FY'91 Per. Ser. Contracts	FY'91 Pro. Adm. Contracts	FY'91 Total Expenditures	FY'92 Operating Expenditures	FY'92 Per. Ser. Contracts	FY'92 Pro. Adm. Contracts	FY'92 Total Expenditures
Group Homes (ECC)												
GH Br Mgr's Office-Contract 25% (4)(12)	37,830	0	0	37,830	43,391	0	0	43,391	33,176	0	0	33,176
Contract Branch Costs-Contract 25%	0	0	0	0	0	0	0	0	9,949	9,949	0	9,949
Staff Training-G H-Contract 25%	349	349	15,989	16,338	0	0	3,124	3,124	0	0	0	0
ECC Contract Indirect Subtotal 25%	81,328	0	0	81,328	87,426	0	0	87,426	88,816	0	0	88,816
Group Home Branch Total	119,158	349	15,989	135,496	130,817	0	3,124	133,941	121,992	9,949	0	131,941

SOURCE: DSS.

APPENDIX E
DEPARTMENT FOR SOCIAL SERVICES CHILDREN'S RESIDENTIAL SERVICES FISCAL ANALYSIS 90-92
TOTAL INDIRECT COSTS DETAIL ATTRIBUTED TO CONTRACTED SERVICES

CRS EXPENDITURES	FY'90		FY'90		FY'90		FY'91		FY'91		FY'91		FY'92		FY'92	
	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures	Operating Expenditures	Per. Ser. Contracts	Pro. Adm. Contracts	Total Expenditures
Clinical Services (ECG)																
Clin Br Office-Contract 60% (6)(12)	108,834	0	0	108,834	204,633	0	0	204,633	491,652	0	0	491,652				
Staff Training-Clinical-Contract 60%	837	837	38,375	39,212	7,466	0	7,466	7,466								
ECG Contract Indirect Subtotal 60%	164,636	0	0	164,636	126,175	0	0	126,175	154,600	0	0	154,600				
Clinical Branch Total	273,470	837	38,375	312,682	330,808	0	7,466	338,274	646,252	0	0	646,252				

APPENDIX E

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SOURCE: DSS.

APPENDIX F

APPENDIX F
CHILDREN'S RESIDENTIAL SERVICES INDIRECT COSTS
ALLOCATED FROM DSS AND CHR
FISCAL YEAR 1992

	FY 1990			FY 1991			FY 1992		
	DSS IND.	CHR CAB.	TOT. IND.	DSS IND.	CHR CAB.	TOT. IND.	DSS IND.	CHR CAB.	TOT. IND.
INDIRECT COST									
BY SUBPROGRAM									
DAY TREATMENT									
PERSONNEL	\$57,135	\$81,486	\$138,621	\$59,448	\$88,151	\$147,599	\$60,341	\$86,972	\$147,313
OPERATING	\$21,107	\$36,419	\$57,526	\$19,146	\$40,828	\$59,974	\$17,192	\$41,301	\$58,493
DAY TREATMENT TOTAL	\$78,242	\$117,905	\$196,147	\$78,594	\$128,979	\$207,573	\$77,533	\$128,273	\$205,806
GROUP HOME									
PERSONNEL	\$91,910	\$134,402	\$226,312	\$98,551	\$147,200	\$245,751	\$103,453	\$148,585	\$252,038
OPERATING	\$34,964	\$64,037	\$99,001	\$32,277	\$71,677	\$103,954	\$29,590	\$73,635	\$103,225
GROUP HOME TOTAL	\$126,874	\$198,439	\$325,313	\$130,828	\$218,877	\$349,705	\$133,043	\$222,220	\$355,263
RESIDENTIAL									
PERSONNEL	\$428,763	\$613,836	\$1,042,599	\$471,687	\$707,577	\$1,179,264	\$476,358	\$690,792	\$1,167,150
OPERATING	\$161,619	\$307,513	\$469,132	\$153,250	\$344,655	\$497,905	\$136,858	\$356,031	\$492,889
RESIDENTIAL TOTAL	\$590,382	\$921,349	\$1,511,731	\$624,937	\$1,052,232	\$1,677,169	\$613,216	\$1,046,823	\$1,660,039
CLINICAL									
PERSONNEL	\$79,413	\$127,372	\$206,785	\$62,199	\$94,504	\$156,703	\$79,508	\$115,657	\$195,165
OPERATING	\$29,771	\$37,837	\$67,608	\$20,536	\$33,052	\$53,588	\$22,912	\$39,589	\$62,501
CLINICAL TOTAL	\$109,184	\$165,209	\$274,393	\$82,735	\$127,556	\$210,291	\$102,420	\$155,246	\$257,666
TOTAL INDIRECT	\$904,682	\$1,402,902	\$2,307,584	\$917,094	\$1,527,644	\$2,444,738	\$926,212	\$1,552,562	\$2,478,774

APPENDIX G



CABINET FOR HUMAN RESOURCES
COMMONWEALTH OF KENTUCKY
275 EAST MAIN STREET
FRANKFORT 40621

DEPARTMENT FOR SOCIAL SERVICES
AN EQUAL OPPORTUNITY EMPLOYER M F H

March 23, 1993

Gaynelle Kastanas
Legislative Research Commission
Room 120
Capitol Annex
Frankfort, Kentucky 40601

Dear Ms. Kastanas:

On December 7, 1992, I appeared before the Program Review and Evaluation Committee to discuss the draft report on Out-of-Home Care in Kentucky prepared as directed by SJR 69.

At that meeting questions were raised regarding data provided by our staff for your use in the report. Our staff have been working with you since that time to resolve those issues. A staff report summarizing those issues and the findings from our review is attached.

Your cooperation throughout this process is very much appreciated.

Sincerely,

Peggy Wallace, MSSW
Commissioner

STAFF REPORT ON PRIVATE CHILD CARE DATA

Questions were raised at the December 7, meeting regarding discrepancies between DSS data for annual payments and child caring days and the data from the child caring agencies' records. A more specific question was raised regarding the average daily cost shown for three child care agencies in table 5.6.

Three types of error occurred in table 5.6

- 1) Average payment to private agencies was compared with average cost for state operated facilities;
- 2) Data from two different reports is used to determine an average payment;
- 3) The more general question is why data provided by DSS.
 - a) comes from different sources with different totals and
 - b) differs from data submitted by the agencies.

These errors are addressed separately as follows:

1) Table 5.6 purported to compare the average cost of serving a child in selected Private Child Care agencies with the cost at CHR facilities. However the information presented was not average cost but average payment. Average payment to the agency combines payments for children traditionally served by each agency at the formula rate, which is currently less than 60% of actual cost, with special rate payments for children with special needs. The latter group more closely resembles children served in DSS facilities. For example, the average cost for services at each agency, based on data submitted by the agencies, differs from the special rates as follows:

Agency	Average Payment	Special Rates
Presbyterian Child Welfare	\$144.00	\$ 79.92 to \$207.21
Maryhurst	\$120.00	\$122.50 to \$155.00
Ramey Children's Home	\$80.00	\$ 76.00 to \$175.00

2) The original comparison was based on two different data sources which are not directly comparable. Because payment information was overstated, as stated in the notes to table 2.4, it was inappropriate to divide by days of service from another, source which is likely to be understated, to estimate average

cost per day. The origin of the two data sources is discussed below.

3) The source of all data for both payments and services is the DSS-110 form which is used both as a billing form and a service reporting form. After the forms have been completed by PCC agencies each month they are returned to the local office serving the child which verifies that the services listed have been provided and approves payment. One copy of the DSS-110 is then sent to the CHR Office of Administrative Services in Frankfort for payment. After payments have been made, total payments are entered into the statewide accounting system (STARS). This is the system of record for all financial information for state government. A second copy of the form is sent to the district data center where detailed client information and service data is entered into the client information system.

Differences between Payment data and Client data: Discrepancies occur between these two systems because payment information is always reported by the month payment is made and client data is reported by month of service even when the payment may be delayed because of computational errors or lack of documentation. Information in the STARS system is also affected by the year end close out date imposed by the Department of Finance. In FY 92, the close out date was later than usual and at least part of an additional month was included. Discrepancies also occur because errors corrected in one system may not be corrected in the other.

Differences between DSS data and Private Agency data:

Agencies generally compile service data by hand for the limited number of clients each one serves. It is impractical for DSS to do that for thousands of clients statewide, therefore information is taken from the automated data system. Automated data systems typically have a number of built in edits, or checks and balances, to assure that only correct information is entered into the system. If errors are made in preparing the DSS-110 by either the private agency or the DSS local office, the information may be rejected by the information system. For example, if part of a social security number is transposed, the information system will reject the service because no child with that number is registered in the system. In addition to differences in client data, expenditure data differs because, as noted above, the source of record for DSS is the STARS system which reports by payment month rather than service month.

WHAT WE DID: Methodology used for review.

The only way to determine the basis for these discrepancies was to manually copy every single payment document for each agency and compare that information with data in the system. Because of

the time required, LRC and DSS staff agreed that the review would begin with the three agencies in table 5.6

The following steps were discussed with LRC staff and taken by DSS.

- a) All client data reports were rerun to allow for the possibility that additional service reports might have been corrected and resubmitted. This was a minor factor in that reports run on December 22, 1992, showed little change from reports run October 27, 1992.
- b) A special report or "dump" from the data system listing all children and services for each of the three programs was requested for comparison with the next step.
- c) All DSS-110's for payments during FY 92 to Maryhurst, Ramey Children's Home and Presbyterian Child Welfare were pulled from files in the Imprest Cash and Payments sections and xeroxed for all of Fiscal Year '92.
- d) All potentially relevant data from the paid bills (DSS-110's) for Ramey Children's Home and Maryhurst was typed into a spreadsheet file on personal computers. These two agencies combined, reported as many days as Presbyterian Child Welfare alone. Information on days of service and payments for each month was summarized and compared with monthly totals submitted by the agency.
- e) A line by line visual comparison was made between information from payment records and the complete listing or "dump" of services from the information system to identify missing entries. That review indicated that while a few children were not listed for any services, in most cases children were listed under the agency for some months but not for others. Most missing data seemed to indicate a missing document reporting services for a single month or for a single service during a month (such as transportation or school supplies).
- f) A list of "missing" children was resubmitted to the Systems Administration Branch to see if they could be found anywhere in the system. In almost all cases the children could be found on the system though not for that agency.

More than 275 hours of staff time were spent in gathering and copying documents, entering data on a spread sheet, running summary reports and analyzing the reasons for errors. As noted, only two agencies were reviewed in this detail. In every case, staff time was taken from ongoing activities or other special assignments to perform this analysis. With strict limitations on the number of staff, especially central office staff, it is not possible to assign staff full time to Private Child Care issues.

WHAT WE FOUND

Reporting problems are not unique to DSS, some of the agencies reviewed submitted a revised set of data.

When DSS and the agency had time to compile statistics on a month by month basis, the resulting totals and averages were nearly identical (within 1%).

DIFFERENCES BETWEEN DSS DATA AND PCC DATA

The main finding was that data from the DSS information system under-reported services days because of errors in completing the DSS-110 by both DSS staff and PCC agency staff. This results in differences because the information system has a series of built in edits or checks and balances to assure that only correct information is being entered. An initial assumption was that services were simply not being reported to the data centers, no evidence was found to support that assumption. Several different errors were found:

- 1) The largest single error resulted from a private agency xeroxing a single DSS-110 and using it to report 86 services for 25 different children from October through January. (About 30 of these appear to have been subsequently corrected.) This results in an error because each DSS-110 form has a unique identifying number which is checked by the system to eliminate duplicate entries. Every document after the first would be rejected as an error by the system.
- 2) The most common error by DSS staff was the failure to insert the local office identifying number on forms prepared by PCC agencies.
- 3) Other common sources of error included: a) transposing part of the social security number, b) failure to update social security number -- in several cases a child was registered with a temporary or "pseudo" number, documents submitted later with the correct number were rejected by the system, c) misspelling of name or using middle name or nickname instead of first name.

In almost all instances the "missing" children could be "found" in the information system. Most frequently, children were reported for some months but missing for others. The children were listed, but individual services were not because of errors on the form.

WHAT CORRECTIVE ACTION IS PROPOSED?

Memos have been issued as problems have been identified as in the use of duplicate forms discussed above. Please note that corrective action on that issue was taken by February of 1992, well before this study began. A memo will be issued emphasizing

the need to include the local office number on all forms. We will also continue to emphasize to the agencies and local staff the importance of timely billings and corrections so that data from various sources will more accurately reflect the level of service being provided.

ERRORS WILL CONTINUE TO OCCUR AS LONG AS THE REPORTING OF CLIENT DATA IS TOTALLY SEPARATE FROM THE LOCAL WORKERS DAILY ACTIVITY.

A major problem with the current system is that reports are mailed to the district data center for entry into the information system. It may be as long as six weeks before the data is entered and a report of errors is sent back to the local office.

THE WORKER INFORMATION SYSTEM (TWIST)

The current systems were designed from central office down in the 1970's to meet federal and state data requirements. New elements were added through the years as federal requirements grew.

External management reviews mandated by HB 2 in the Extraordinary Session of 1985 labeled the system as inefficient and outdated.

To remedy the situation DSS has proposed an entirely new system - The Worker Information System or TWIST.

Unlike earlier systems, the proposed system is being designed from the ground up. Workers from across the state have been involved in sessions to identify their data needs, not central office needs, and the ways automation can make them more efficient.

TWIST is intended to be a simple, user friendly, worker driven system covering all aspects of case management. TWIST will replace the multiple, independent, overlapping automated systems that are now in use; duplications, oversights and inconsistencies will be minimized. The current method of data entry works against having accurate data in the system due to the delay between completion of a form and subsequent data entry from the form after it has been mailed to the data center. With TWIST, workers will make direct entry into the system rather than completing a form and mailing it to a data center for entry.

TWIST will collect case data and produce more accurate State and Federal reports without duplication of effort. Information will be entered into the system only one time. When new data is entered on a referral, the system will search existing cases to determine if information on that individual or family is already in the system. If information is found, the system will display existing data and allow the worker to determine if this is an existing case.

Under TWIST, the worker will directly enter information in the

An additional issue has been raised during the course of this review regarding timeliness of payments.

The importance of timely payments to continued service provision is recognized in KRS 45.451 - 45.458 which imposes a 1% on payments penalty that are delayed without cause for more than 30 working days.

Several steps have been taken to reduce payment delays:

In the past, all documents were reviewed by a DSS central office specialist for proper documentation, proper rate and potentially unallowable charges. Because of the volume of documents and other responsibilities; this step frequently caused a processing delay. This additional step has now been eliminated.

Until recently, all services billed on a DSS-110 were processed for payment by the Imprest Cash Unit. Imprest cash works like a giant check book. CHR is given an authorized limit for each of several programs. The upper limit on that authorization is limited by the ceiling on the approved bonding limits. As expenditures have grown in recent years, it is not unusual for the authorized limit to be exceeded. When that occurs, no more checks can be mailed until the monthly cash allotment has been replenished by the Department of Finance. If the responsible official in Finance is out-of-the office or assigned to other priorities, the account is not replenished resulting in further delays.

To avoid this bottle neck, PCC payments were transferred to the contract payments section, which prepares a summary document for all bills received from each agency and submits that summary to Finance for payment. This change was made in February 1992, and has reduced the processing time for payments.

FY 92

SERVICE DAYS AND PAYMENTS FOR PCC AGENCIES

Maryhurst	CHILD CARE DAYS	TOTAL PAYMENTS	AVERAGE DAILY COST
TABLE 5.6	7,165	\$1,414,613	197.43
Submitted by agency in Dec	9,910	\$1,208,691	121.97
"System Report"	7,165	\$ 919,081	128.27
Agency data submitted in January	10,616	\$1,271,523	119.77
Data from review of payments	10,684	\$1,255,346	117.50

Data used in Table 5.6 was from two different sources, client data was known to be under reported, payment data included an extra month because of the timing of payments and the year end closeout date.

Data submitted by the agency in December differed from the monthly summaries submitted in January.

Average cost was much closer when both days and dollars were from a single source whether agency data or DSS data was used.

When DSS and the agency had time to compile statistics on a month by month basis, the resulting totals and averages were nearly identical (within 1%).

FY 92

SERVICE DAYS AND PAYMENTS FOR PCC AGENCIES

RAMEY CHILDREN'S HOME	CHILD CARE DAYS	TOTAL PAYMENTS	AVERAGE DAILY COST
TABLE 5.6	9,956	976,329	98.06
Submitted by agency in Dec	9,956	892,000	89.59
"System Report"	9,956	745,077	74.84
Agency data submitted in January	11,273	899,422	79.79
Data from review of payments	11,101	889,925	80.17

Data used in Table 5.6 was from two different sources, client data was known to be under reported, payment data included an extra month because of the timing of payments and the year end closeout date.

Data submitted by the agency in December differed from the monthly summaries submitted in January.

Average cost calculated from information on the DSS information system was closer to the final figures than either table 5.6 or the initial data submitted by the agency which relied on DSS reported days rather than an independent count.

When DSS and the agency had time to compile statistics on a month by month basis, the resulting totals and averages were nearly identical (approximately 1%).

APPENDIX H

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 1

REPORT RETURN OF CHILDREN TO KENTUCKY AND UTILIZATION OF NEW TREATMENT BEDS

The Cabinet for Human Resources and the Department for Social Services should continue to expedite the appropriate return of children in out-of-state placements to Kentucky. The Cabinet and Department should closely monitor additional and different types of treatment and psychiatric beds in Kentucky to ensure that they are most appropriately utilized. The Cabinet and Department should submit a report to the Program Review and Investigations Committee on July 1, 1993, showing the status of these children and the utilization of these additional beds.

AGENCY RESPONSE

CHR

DSS agrees. Placement plans and utilization of treatment and psychiatric beds are closely monitored by the agency.
This will continue until all children are returned.

STAFF RESPONSE\COMMITTEE ACTION

Adopted 12/7/92

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 2

DEVELOP REQUEST FOR PROPOSAL FOR FUTURE NEEDS

The Cabinet for Human Resources and the Department for Social Services should develop a request for proposal to be sent to all private child care providers, as future additional facilities and/or programs are required.

AGENCY RESPONSE

KAHC

Agrees. Present system of child-by-child special contracts should be retained for meeting emergency needs; DSS should explain access to special contracts. Mechanics of new system should not be more burdensome; a potential bidders list should be established.

CHR

DSS agrees. Agency has sent RFPs to PCCs consistently whenever additional appropriations for programs have been provided and will continue to do so. It is impractical to issue an RFP for each child needing services. DSS will continue to negotiate contracts for special needs children with appropriate providers.

STAFF RESPONSE/COMMITTEE

Adopted 12/7/92

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 3

DEVELOP A SCHEDULE OF FEES FOR SERVICES AND AMEND KRS 199.641

The General Assembly should amend KRS 199.641 to allow for reimbursement to child-caring facilities on a fee-for-service basis. The Cabinet for Human Resources and the Department for Social Services should develop a schedule of fees for services provided and submit a report on the development of a schedule of fees for services to the Program Review and Investigations Committee by July 1, 1993.

AGENCY RESPONSE

KAHC

Disagrees. Services provided are not easily and clearly identifiable. This proposal would increase indirect cost to PCCs, because it would require a complex billing system. KAHC suggests a "level of care" system based on the needs of children served. This system would include a "no eject-no reject" policy for higher levels of care. The system could include (financial) incentives for serving difficult children.

CHR

DSS is neutral. The agency implemented HB 20 and plans to continue working toward revisions in the reimbursement system. The agency would appreciate the support of this committee for the necessary funding.

AS AMENDED:

The Cabinet for Human Resources and the Department for Social Services, in consultation with the providers, should develop a reimbursement system for child care services that considers the level of need of the child and provides incentives for the development of effective, high quality programs, including features for cost-containment and periodic review to determine the adequacy of reimbursement. The Department for Social Services should request the funds necessary to implement such a service."

STAFF RESPONSE/COMMITTEE ACTION

STAFF RESPONSE:

Whatever system of reimbursement is used and whatever the system is called, certain elements should be included:

- (1) cost containment;
- (2) services according to the needs of an individual child; and
- (3) periodic review to determine the adequacy of reimbursement.

COMMITTEE ACTION

Adopted as amended 12/7/92

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 4

OUTCOME MEASURES SHOULD BE DEVELOPED

The Cabinet for Human Resources and the Department for Social Services should develop outcome measures for DSS children in private child care facilities. Consideration should be given to using the same method of outcome measuring in public and private facilities. The Cabinet for Human Resources and DSS should report on the development of the outcome measures to the Program Review and Investigations Committee by July 1, 1993.

AGENCY RESPONSE

STAFF RESPONSE\COMMITTEE ACTION

KAHC

Agrees that outcome measures are essential, but are too complex to be developed in time frame given.

Adopted 12/7/92

CHR

DSS agrees. CRS has developed a program effectiveness pilot project designed to measure broad goals. As staffing and funding permit, the agency will implement a similar system in PCCs.

DSS obtains outcome measures on individual children and their families. The individualized treatment plan (ITP) contains goals and objectives for the client. Contracting PCCs also are required to develop ITPs for each child (905 KAR 1:300).

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 5

ENROLLMENT OF CHILDREN AND FUNDING TO BE RESOLVED

The Cabinet for Human Resources and the Department for Social Services should hold regular regional meetings with private child care providers, the Kentucky Department for Education, local boards of education, and school superintendents, to resolve problems regarding the enrollment of children and education-related funding. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

AGENCY RESPONSE

STAFF RESPONSE/COMMITTEE ACTION

DOE

Agrees. The Commissioner will appoint an internal task force to work with CHR and DSS to assist in constructing the report due July 1, 1993. DOE is working with the SB 260 task force and will correlate the out-of-home child care educational issues.

Adopted 12/7/92

CHR

DSS agrees. This initiative must begin at the state level, including representatives from DOE, PCCs and DSS. Primary responsibility should rest with DOE.

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 6

EDUCATION OF CHILDREN PLACED OUT-OF-STATE TO BE PAID THROUGH ELEMENTARY AND SECONDARY SCHOOL FUNDING

The Cabinet for Human Resources, the Department for Social Services and the Department for Education should resolve paying for the education of children placed in out-of-state facilities through elementary and secondary school funding, rather than DSS. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

AGENCY RESPONSE

STAFF RESPONSE\COMMITTEE ACTION

KAHC

Agrees and will submit legal research supporting this recommendation. Many PCs currently subsidize the education of the children they serve.

Adopted 12/7/92

DOE

Agrees. The Commissioner will appoint an internal task force to work with CHR and DSS to assist in constructing the report due July 1, 1993. DOE is working with the SB 260 task force and will correlate the out-of-home child care educational issues.

DOE opposes placement of Kentucky children in out-of-state facilities for either educational or non-educational reasons.

CHR

DSS agrees. Discussions will begin immediately with DOE and a report will be made to Program Review and Investigations Committee.

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 7

ACCOUNTABILITY INDEX TO INCLUDE CHILDREN PLACED IN PRIVATE CARE FACILITIES

The Department for Education should include state agency children and children placed in private care in the KERA accountability index, including both the district of placement for the child and the district of residence after treatment. A report should be made to the Program Review and Investigations Committee by July 1, 1993.

AGENCY RESPONSE

STAFF RESPONSE\COMMITTEE ACTION

KAHC

Agrees and will submit legal research supporting this recommendation. Many PCCs currently subsidize the education of the children they serve.

Adopted 12/7/92

DOE

The Commissioner will appoint an internal task force to work with CHR and DSS to assist in constructing the report due July 1, 1993. DOE is working with the SB 260 task force and will correlate the out-of-home child care educational issues.

The DOE task force will deal with the accountability index issue.

CHR

DSS agrees. A letter was sent by DSS to DOE outlining the concerns of local school districts use of a withdrawal code, W-12. This code does not signify a "drop out" for the district. Thus, the local district is not accountable for tracking the delivery of educational service for a W-12 designated youth.

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 8

REPORT PROGRESS IN RESOLVING PROBLEMS

The Cabinet for Human Resources and Department for Social Services should report progress in resolving the problems of social worker caseloads, placement, group home staffing and service, the data collection system, and payments to Adanta, as they relate to out-of-home child care, to the Program Review and Investigations Committee by July 1, 1993.

AGENCY RESPONSE

CHR

DSS agrees and will report progress in these areas.

Successful resolution of these issues basically is contingent on additional funding from the General Assembly, with the exception of the Adanta situation.

STAFF RESPONSE/COMMITTEE ACTION

Adopted 12/7/92

OUT-OF-HOME CHILD CARE IN KENTUCKY

RECOMMENDATION WORKSHEET

RECOMMENDATION 9 INTEREST PENALTY FOR UNTIMELY PAYMENTS

The Cabinet for Human Resources and the Department for Social Services should pay the interest penalty mandated by statute, when payments for services rendered by out-of-home care providers, are untimely.

AGENCY RESPONSE

STAFF RESPONSE/COMMITTEE ACTION

Adopted 12/7/92

